AFRICA RECOVERY

United Nations Vol. 7 No 2 October 1993

Africa faces crisis over aid as World Bank lending falls

By Roy Laishley

Alone among world regions, Africa faces deepening poverty with the highest population growth rates. Aid cuts could now thwart the continent's efforts to reverse these trends.

Evidence is mounting that the international strategy to boost aid flows to Africa is in serious crisis. New lending commitments by the World Bank to sub-Saharan Africa fell a dramatic 30 per cent — or $1.2 bn — in its last financial year, even though its overall lending increased by 9 per cent. Last year, Western aid to all developing countries rose by only 1.1 per cent in real terms, according to the Organization for Economic Cooperation and Development (OECD). Although a regional breakdown is not yet available, OECD officials say they do not expect flows to Africa to be above this trend and, for bilateral aid, could well be lower. Forthcoming analysis from the UN is expected to further confirm this picture.

"We fear that the upward trend in aid to Africa of the 1980s may have come to an end," one OECD official told *Africa Recovery*. Figures for 1990 already show a worrying stagnation in net aid flows to Africa. This contrasts sharply with the 1991 call in the UN New Agenda for the Development of Africa in the 1990s (NADAF) for real growth in annual aid flows of at least 4 per cent.

Other officials express more optimism that aid flows to Africa can be maintained, pointing to Japan's recent announcement of a 50 per cent increase in its overall aid over the next five years, as one source of new funds for the continent. The real test for African aid will come at the end of this year, they argue, when the World Bank is expected to seek pledges for its third Special Programme of Assistance (SPA) for Africa. The Bank raised some $7 bn in additional pledges for SPA II, which is now coming to an end, and a similar amount is being sought for the 1994-1996 programme.

However, "alarm bells are already ringing" over the trend in aid flows to Africa, Ghana's Ambassador to the US Joe Abbey told *Africa Recovery*. A number of major bilateral donors have either cut back on aid plans or signalled their intent to make existing funds stretch further. From multilateral agencies, African borrowing is increasingly concentrated on their soft-loan affiliates, a reflection of the inability of a growing number of countries to afford the cost of borrowing from the main lending arms. But it is the voluntary bilateral funding of these soft-loan facilities, including the UN, which is now under the most acute pressure.

For the World Bank, commitments to sub-

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Tokyo conference seeks higher priority for African development

By Carole Collins

Japan's hosting of a major international conference on African development on 5-6 October, the largest of its kind in a decade, is expected to strengthen support for Africa in the face of competing global demands for aid and to help reverse its growing international marginalization in the post-Cold War era. Japan is now the world's largest bilateral donor, and equally important, it intends to increase its development assistance at a time when other major donors (Canada, Finland, France, Sweden, UK) are cutting back (see story above).

This conference, the first major one on African development to be held in Asia, "is an opportunity for Africa to demonstrate its determination to take measures to resume sustainable development," says Mr. Ahmedou Ould Abdallah, the UN's Special Coordinator for Africa and the Least Developed Countries, whose Office is helping to organize the meeting. The conference will "refocus international attention on Africa" and will "emphasize the

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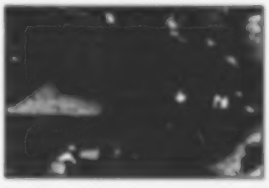

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Creditors consider improved debt relief

Large part of Africa's burden will remain

By Roy Laishley

Western official creditors are expected to discuss modifications to their debt relief package for the world's poorest countries at an October meeting of their Paris Club. This follows the agreement by leaders at the Tokyo Western economic summit in July to consider "earlier action" on provisions in the current "enhanced Toronto" for measures on the stock of debt. Officials say there has also been informal discussion on increasing the relief from the 50 per cent presently on offer.

The agreement by Western leaders comes after mounting pressure from multilateral institutions, non-governmental organizations and debtor countries for much stronger measures to ease the burden of debt. The Group of Seven summit, however, was a sore disappointment for Third World hopes, development commentators say. Follow-up action in the Paris Club is likely to be far more modest than the present crisis warrants, many debt analysts argue.

Under present "enhanced Toronto" arrangements, relief is limited to a tranche of debt servicing falling due in a given period, with a promise to consider looking at a country's stock of debt three years after the start of the rescheduling process. This defers action until December 1994 at the earliest, with Benin one of the first to be eligible. However, officials say that even earlier action is possible if creditors agree that new debtors coming to the Club can benefit from any changes in present arrangements. Action will be difficult on increasing the amount of debt relief from the current 50 per cent to at least the two-thirds originally proposed by the UK in the "Trinidad terms." The UK will again urge creditors at the end-September meetings of the International Monetary Fund (IMF) and World Bank to adopt full "Trinidad." But others, including the US which only accepted "enhanced Toronto" earlier this year, are more reluctant, officials say.

According to some Western officials, the Paris Club will also stick to the policy which makes the debt incurred after a certain date ineligible for relief. Many consider this the "most sacred" clause in present arrangements, one said. However, aid officials point to a clause in some present debt packages allowing action on debt contracted after the so-called "cut-off" date, quoting Russia and Zambia as very rare examples.

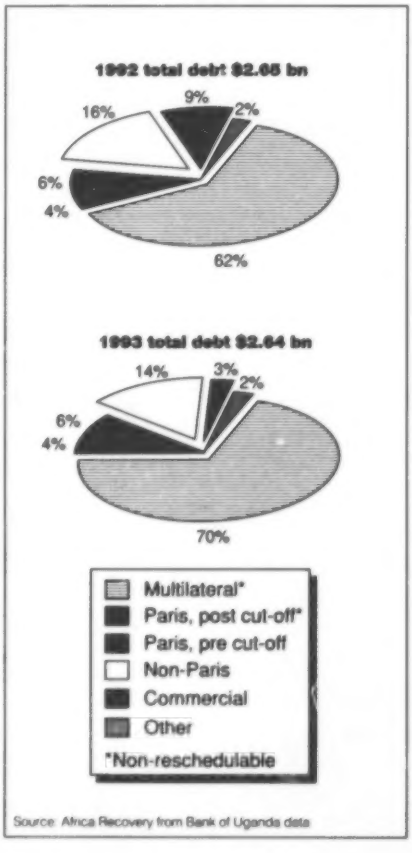
This case-by-case and less formal approach, with creditors showing more flexibility for "deserving cases," could typify any improvement to the current debt relief, aid officials say. It is also likely to be the approach to tackling the mounting problem of multilateral debts, which remain ineligible for rescheduling. Debts to international financial institutions (IFIs) are now one of the key problems facing many countries, the UN Conference on Trade and Development (UNCTAD) argues in its latest *Trade and Development Report*. Traditionally a taboo issue, UNCTAD says that while not endangering the IFI's status as preferred creditors, the principle should be applied "in a flexible, pragmatic manner," in order to provide more informal and indirect debt rescheduling.

Uganda typifies the shortcomings in the present international debt strategy, both in terms of the depth of relief and the range of debt covered, with even full Trinidad terms providing no solution. Despite benefiting from every available measure, the country still faces a huge payments burden. A combination of debt cancellations, rescheduling on "enhanced Toronto terms" and an 88 per cent write-down of its commercial debt has lowered Uganda's debt servicing bill by some $20-40 mn a year. Without this relief, Uganda's debt service ratio would exceed 100 per cent.

Yet, Uganda expects to pay out around $130 mn in the 1993/94 financial year, still some 60 per cent of projected export receipts.

Uganda's debt burden

(Debt by category of creditor)



Source: Africa Recovery from Bank of Uganda data

Debt relief has left Uganda's debt largely unchanged because non-reshedulable debt now accounts for 75 per cent of the debt stock.

This is a far cry from the 20 per cent ratio the World Bank and other donors suggest is the maximum most developing countries can afford. Despite the considerable effort that has gone into rescheduling eligible Paris Club obligations, their share of Uganda's debt remains unchanged and relatively small.

The picture is not expected to improve dramatically in the next few years. Government of Uganda figures show the stock of debt moving from $2.6 bn in June 1993 to $3.2 bn by June 1996, mainly due to rising arrears. This is despite a $280 mn — 48 per cent —reduction in arrears in 1992/93. Annual debt payments

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READEX
FICHE

Somalia progresses towards recovery

Africa's other emergencies continue to take severe toll

Working with Somalis, the United Nations, its agencies, and non-governmental organizations (NGOs) have brought peace to Somalia's countryside and have virtually eliminated deaths caused by hunger, said Admiral Jonathan Howe, the Secretary-General's Special Representative, in New York in mid-September. Equally importantly, the UN is helping Somalis at local level to "lay the foundations for civil government," he said, referring to the 30 district councils set up since the UN Operation in Somalia (UNOSOM II) began on 4 May. Mr. Howe did not minimize the gravity of the situation in Mogadishu. But he stressed that because of the media emphasis there, "people have lost sight of what we're doing in Somalia" and of the enormous overall gains the UN has made.

Some 300,000 Somalis died of hunger last year, but this year "there's practically no one dying of hunger," Mr. Howe pointed out. There was still some malnutrition, and resettling Somali refugees and displaced people remained a "huge challenge." But there was clear progress on a national scale, he said, stressing that UNOSOM II had tailored its political, humanitarian and security efforts to fit the agreements reached by Somalis themselves at the Addis Ababa conferences earlier this year. Several more district councils are nearly set up, and the next layer of political reconstruction would see up to seven regional councils established by October, a Transitional National Council possibly by January 1994, and democratic, internationally-supervised elections a year later.

Another milestone, Admiral Howe said, was the Jubaland Peace Accord signed recently by over 20 clans in southern Somalia. Lengthy UNOSOM work with clan elders had enabled a breakthrough that had brought free movement in Kismayo and the Juba Region.

He said work continued in the charter drafting committee on the priorities of disarmament, peaceful resolution of disputes and a nation-wide cease-fire.

But "there is still a long way to go" in a country "loaded with weapons", he said. Mogadishu is very tense and daily incidents have cost the lives of around 50 UNOSOM personnel and hundreds of Somalis. Total UNOSOM troop strength was near 26,000 in mid-September, and Admiral Howe called for additional forces during his US visit, which could raise the total to 35,000.

Although UNOSOM has received less than half of the $160 mn required for its relief and rehabilitation work, Mr. Howe said it was working on an "excellent" programme for economic recovery with the UN Development Programme and the World Bank, while other UN agencies and NGOs were helping Somalis make progress throughout the country in the health, education and agriculture sectors. The UN Department of Humanitarian Affairs reports that this year's harvest may be big enough to feed the country.

Also in mid-September, the US urged UN Security Council members to contribute to the $60 mn needed for UNOSOM work on restoring the judiciary and a civilian police force. The UNOSOM Justice Division has enabled Somali jurists and academics to screen and appoint judges, prosecutors and other officials. The division is also supplying and training a 5,000-strong police force (of which 3,000 are in Mogadishu) which it intends to double by year's end, hopefully reaching 18,000 and largely operational status in 18 months' time. Some are already on street patrols and traffic duty in the capital.

LIBERIA

After the 25 July Cotonou peace agreement, brokered by the OAU, ECOWAS and the UN, a cease-fire took effect on 1 August without major violations since. A 30-strong UN Observer Mission (UNOMIL) arrived at end-August to monitor implementation of the accord as part of the Joint Cease-fire Monitoring Committee set up with the ECOWAS Monitoring Group (ECOMOG) and the three Liberian parties —Interim Government of National Unity (IGNU), National Patriotic Front of Liberia (NPFL), and United Liberation Movement for Democracy of Liberia (ULIMO). The Liberians agreed on a single National Transitional Government with the UN to help a new Electoral Commission to organize elections within seven months. They also agreed to facilitate nation-wide delivery of humanitarian aid for roughly 1 million internally displaced Liberians. NGOs appealed to the UN in mid-September to reopen the border with Côte d'Ivoire, closed since the 1 August cease-fire, for desperately needed relief convoys to the north. In early September, the UN was preparing a consolidated international appeal for Liberia to include funding for the UN High Commissioner for Refugees to repatriate and resettle about 1 million Liberian refugees, the bulk of them in Guinea, and the rest in Côte d'Ivoire and Sierra Leone.

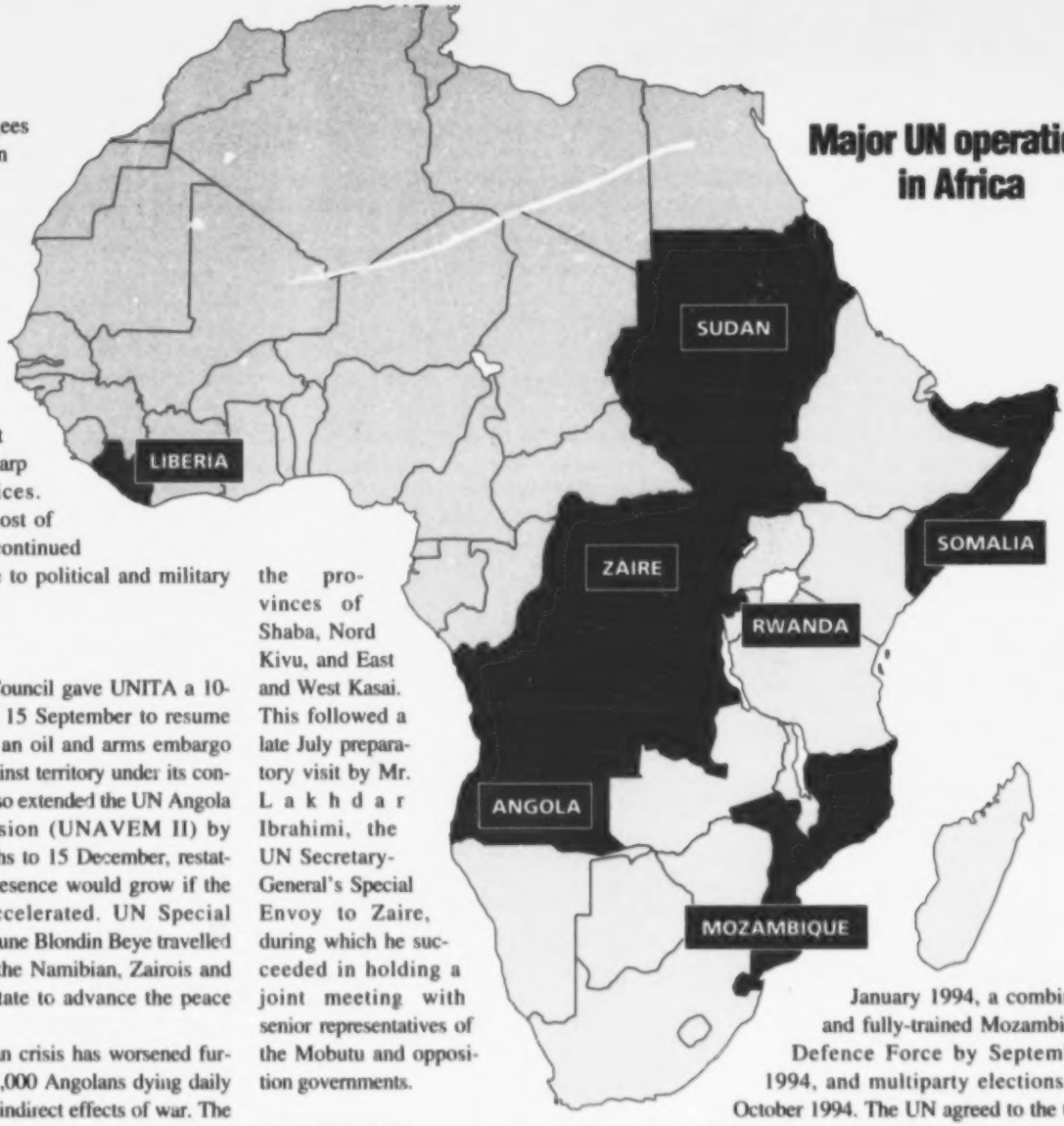
RWANDA

The UN Observer Mission to Uganda-Rwanda (UNOMUR) began deployment on the Ugandan side of the border under the terms of the 4 August Arusha peace agreement between the government and the Rwandese Patriotic Front, which also provided for transitional national institutions from 10 September. UNOMUR, deployed for an initial six months at a cost of $8.5 mn, has 81 military observers and 24 international and local civilian staff. It aims to halt the transit of military supplies, and supervise the entire peace process, including demobilization and relief operations. Headed by Brigadier-General Romeo Dallaire of Canada, UNOMUR has observers from nine countries, including Botswana, Senegal and Zimbabwe. It works alongside the OAU Neutral Military Observer Group which supervised the July 1992 cease-fire agreement.

Some 900,000 displaced Rwandans still need urgent relief. Government approval of decentralized customs clearance enabled the World Food Programme (WFP) to bring many of its trucks from Eritrea and Ethiopia in August to begin direct deliveries from Uganda and Tanzania. Efforts continue towards improving distribution at camp level and to lower the high death rates from malaria, diarrhoea and malnutrition.

SUDAN

A government offensive in August led to evacuation of all UN and NGO relief staff from western Equatoria Province, with over 500,000 people affected by the fighting, and 100,000 of them fleeing into Uganda, bringing the total of



UN-recorded refugees there, as well as in Kenya, to some 377,000 by late August. Other problems included flooding in some areas, and a locust plague in Darfur and North Kordofan provinces which hit crops and caused sharp rises in food prices. Relief efforts in most of the country have continued to be irregular due to political and military conditions.

ANGOLA

The UN Security Council gave UNITA a 10-day deadline from 15 September to resume peace talks before an oil and arms embargo came into force against territory under its control. The Council also extended the UN Angola Verification Mission (UNAVEM II) by another three months to 15 December, restating that the UN presence would grow if the peace process accelerated. UN Special Representative Alioune Blondin Beye travelled for meetings with the Namibian, Zairois and Ivorian heads of state to advance the peace process.

The humanitarian crisis has worsened further, leaving over 1,000 Angolans dying daily from the direct and indirect effects of war. The UN is pursuing guarantees from the government and UNITA to enable regular NGO and UN relief operations. Production and trade have collapsed, food shortages are widespread, malnutrition and infant mortality have shot up, and poor city-dwellers are reportedly worse off than displaced people in camps. By mid-August, donors had pledged only $70 mn to the $226 mn UN consolidated appeal launched in May for 1.9 million Angolans.

ZAIRE

A UN inter-agency needs assessment mission led by Mr. Darko Silovic of the Department of Humanitarian Affairs arrived in Kinshasa on 23 August, planning to spend three weeks visiting concentrations of internally displaced people in the provinces of Shaba, Nord Kivu, and East and West Kasai. This followed a late July preparatory visit by Mr. Lakhdar Ibrahimi, the UN Secretary-General's Special Envoy to Zaire, during which he succeeded in holding a joint meeting with senior representatives of the Mobutu and opposition governments.

MOZAMBIQUE

President Joaquim Chissano and Renamo president Afonso Dhlakama held a long-awaited meeting in Maputo on 23 August-3 September. Despite an accord on three Renamo-appointed advisers to each provincial governor, and their dismissal and replacement only possible with Renamo consent, the crucial demobilization of soldiers into UN assembly areas remained stalled. By early September, the Cease-fire Commission had approved 26 assembly areas for government forces and eight for Renamo, with UN military observers positioned in 18, but no troops were arriving. The UN Secretary-General again called for prompt action to meet the targets of 50 per cent troop demobilization by January 1994, a combined and fully-trained Mozambican Defence Force by September 1994, and multiparty elections by October 1994. The UN agreed to the two leaders' request for a UN police contingent to monitor all police activity in the country. Deep mutual distrust was widely recognized as delaying the peace process, a fact reflected by the deadlock, after more than a month of meetings, in the multi-party conference which had been set up to form a National Elections Commission.

Some 326,000 refugees (about 20 per cent of the total) returned from neighbouring countries by early September, and WFP began an emergency feeding programmes in Tete and Zambezia provinces. Several districts reported high crop losses due to locust swarms. The total number of returnees could reach 700,000 by May 1994; with another 1.1 million displaced people, food aid needs remain substantial. ■

OAU takes steps to tackle conflicts

By Amma Ogan

With crippling wars and civil strife aggravating the economic and social crisis, African leaders took concrete steps at their end-June summit in Cairo to promote stability in the continent. Citing the need for a "new institutional dynamism," this 30th summit of the Organization of African Unity (OAU) set up new structures for conflict resolution, reaffirmed the imperative of peace for development, and renewed the commitment to gradual achievement of continent-wide economic integration.

High-level discussions had gathered momentum since 1990 on Africa playing a more central role in settling internal conflicts, along with serious concerns over organization and finance. And when the 1992 summit agreed in principle on setting up a credible OAU mechanism for preventing, managing and resolving conflicts, it also asked the Secretary-General for a detailed study of institutional, operational and financial aspects for presentation to this year's summit.

Although some observers felt African leaders had again postponed vital decisions, others stressed the realities of an OAU in dire financial straits. To date, member countries are $70 mn in arrears on annual contributions, resulting in a pressure on the OAU's regular budget that has hampered such programmes as monitoring elections and setting up observer missions to areas of strife on the continent. In February, Ethiopian President Meles Zenawi wryly noted that member states could not expect the OAU to deliver the goods on empty coffers.

Nevertheless, a Division of Conflict Management was set up in the OAU Secretariat in March 1992, and discussions began with member states on a permanent African mechanism for conflict resolution. These discussions have borne fruit, with special emphasis given to preventive diplomacy: the OAU Secretary-General is empowered to take initiatives to defuse crises through behind-the-scenes mediation. To coordinate all OAU peace-making activities, the Cairo summit decided on an 8-11 member Bureau of the Assembly of heads of state and government to be elected annually. There is also a body of ministerial and ambassadorial representatives of Bureau countries that will hold emergency meetings until heads of state can be convened.

Despite an earlier proposal by the OAU Council of Ministers to set up an OAU peacekeeping force, African leaders preferred the more practical option of observer missions. "There is no intention whatsoever to keep even a battalion of a standing army somewhere as an OAU army," Assistant Secretary-General Brownson Dede told *Africa Recovery*.

Boutros-Ghali: no democracy, no peace

UNIM. Tzovaras

Mr. Boutros Boutros-Ghali

African leaders must "take on the fundamental task of the democratic imperative," declared UN Secretary-General Boutros Boutros-Ghali addressing the Cairo summit of the OAU. "I see democracy as the missing link between peace and development —because democracy safeguards peace, and because sound development is unimaginable without democracy." He stressed that he was not urging Africa to imitate the West, but to "believe in the capacity of Africans to freely invent their own history."

Identifying "self-democratization" as the key to the future, Mr. Boutros-Ghali pointed out the crucial role of the state in transforming structures and guaranteeing human rights. Administrative machinery had to be sound in order to carry through the resolve to rebuild the "decay and disorder" caused by the anarchy of armed conflict, he added. "Over the past 50 years, it is Africa which has experienced the greatest number of armed conflicts, in spite of the commendable efforts of the OAU to settle disputes between African countries."

While restating his commitment to mobilizing the international community on behalf of Africa, he warned that the concept of partnership for development was fast becoming a "dim memory" in the wake of the new international economic order. Africa, therefore, had to strengthen its regional structures and improve intra-African cooperation. The Secretary-General noted that with industrialized countries "having a difficult time choosing between their business relations and their humanitarian impulses in their dealings with Africa," the OAU had to find the means and projects to rekindle confidence in the continent.

Mr. Boutros-Ghali also stressed the need for new forms of international cooperation that would focus on Africa's most pressing needs. He highlighted the importance of sensitivity to what he called "international linkages," and urged the West to acknowledge that "Africa can be an element of peace and prosperity for the entire world if it at last receives that which it is due." The international community should create a market that does not automatically favour the richest. It must also ensure mandatory reduction of Africa's debt in order to give the continent's self-financing capacity room to grow. Project-specific finance, training of skilled labour and the promotion of long-term projects were important aspects of the kind of aid Africa needed now.

Turning to the growing UN presence in Africa, he said that "more than any other region, Africa displays the vast range of UN activities for peace, democracy and development." Besides the fact that a major part of UN electoral assistance in the past year went to African countries, he noted that the UN operation in Somalia was "the most ambitious and comprehensive ever" in terms of human and material cost. He spoke of the major humanitarian effort in Eritrea, as well as the drop in numbers of Ethiopians requiring such assistance. In Rwanda and Liberia, he underlined the cooperation between the UN and the OAU in advancing the peace process. Although progress towards the UN-sponsored referendum in Western Sahara had been slowed, Mr. Boutros-Ghali said the UN operation in Mozambique was now fully operational, with personnel from six African countries among the UN contingent of 7,100 soldiers and police.

On the key question of finance, the OAU is creating a special fund for conflict-management based on appropriations from the regular budget, voluntary contributions from member states and from non-African sources. Mr. Brownson Dede is optimistic that the fund will have material support from the international community, either directly to the OAU or through the United Nations. The US is already said to be ready to help set up research facilities on conflict-resolution that will help the OAU's conflict-management division.

African leaders in Cairo renewed their commitment to more democratic institutions, the rule of law and accountability for all public officials.

Support for the conflict-resolution mechanism was not unanimous, with the Kenyan and Sudanese leaders expressing reservations, while Eritrean President Isayas Afewerki raised a "technical" issue. Alluding to the problems of the UN in trying to bring peace to Angola and Cambodia, he suggested that the OAU was involved in a duplication of efforts. However, Botswana President Sir Ketumile Masire strongly supported the measures, affirming that African leaders could prevent most conflicts by tolerating political opposition, respecting civil rights and by being less exploitative of weaker states.

OAU's track record

Making a vigorous entry as leader of the OAU's newest member country, President Afewerki frankly expressed his disappointment at the OAU's track record. Insisting that "we must put our act together," he said the first step was "an honest admission of our past errors and shortcomings." Ugandan President Yoweri Museveni replied strongly, stressing OAU achievements that included strong and consistent support for the liberation struggle in Southern Africa.

At an OAU 30th anniversary ceremony, African National Congress President Nelson Mandela looked forward to African leaders "blending our experiences through self-criticism so that we can find ways to face the common challenges" without compromising the basic OAU principles of national sovereignty and non-interference in internal affairs.

For some participants, the Cairo summit showed a new determination to replace what one OAU official described as the practice of "elevating ad hoc-ism to a mechanism by itself." However, said one diplomat, the Eritreans had cause for dissatisfaction: "For the 30 years they were fighting their war, the OAU did nothing." Some analysts cite the sovereignty and non-interference principles as the reason for apparent OAU inaction.

The two principles will continue to guide OAU peace-making initiatives. Asked whether this would complicate their effectiveness, Mr. Solomon Gomes, special OAU political affairs officer at the UN said there would have to be "early warning systems" to find a way of "neutralizing disputes before they become conflicts." On the problem of deciding how and when to get involved in a conflict, Mr. Gomes said the OAU always had to "look for cooperation and seek agreement from one of the parties concerned on the precise role it will play."

Already, the OAU has brought its long mediation in the conflict in Rwanda to a successful conclusion with the recent peace agreement. It has also been deeply involved in similarly lengthy negotiations on Liberia which resulted in a ceasefire after the Geneva and Cotonou Accords.

There is also progress on the treaty establishing the African Economic Community (AEC). From only 24 countries having ratified it in May, Malawi became the 33rd on 26 June, with Rwanda and Tunisia expected to follow shortly. This would bring the number of ratifications to two-thirds of OAU member states, enabling the AEC process to become operational.

After approving the new provisions for OAU peace-making, African leaders in Cairo declared that achieving security and stability in Africa would "reduce defence and security budgets and direct spending toward investment, production, services, raising the standard of living, increasing job opportunities, and promoting economic growth and development."

African leaders also renewed their commitment to "opening the way" for popular participation in the "governing and development processes," particularly for women and youth, through "sincere moves" towards "more democratic" institutions, the rule of law and accountability for all public officials.

Sigma/Patrick Robert

Members of the West African peace-keeping forces in Liberia.

Turning to Africa's debt crisis, the summit asked Mr. Salim Salim to prepare a review and assessment of the debt situation, and urged creditor nations to devise new and additional instruments to relieve the continent's crushing burden of debt. ■

UN moves forward on desertification

By Pragati Pascale

Despite rough patches in the first round of negotiations, work on a legal convention to combat desertification — Africa's major concern at last year's UN Conference on Environment and Development (UNCED) — is making headway.

Also moving forward are talks on restructuring and replenishing the Global Environment Facility (GEF), the primary channel of new funding for environment projects, among which African countries want desertification issues included. The next GEF meetings took place on 23-24 September in Washington.

UN/Carl Purcell

The threat posed by desertification is one of Africa's priority concerns.

Talks on the draft convention ended in discord when the Intergovernmental Negotiating Committee on Desertification (INCD) first met in May-June in Nairobi. Chairman Bo Kjellén of Sweden proposed that the core of the Convention should be global in nature, and that an annex or protocol reflecting priority action for Africa — the first in a series of regional instruments — should be negotiated as an integral part of the Convention.

However, while supporting priority treatment for Africa, some Latin American and Asian countries argued for simultaneous negotiation of similar instruments for other regions. Other countries questioned the feasibility of this proposal, given the June 1994 deadline for completing the draft Convention. Despite many attempts to build consensus on this issue, none was reached. The key Latin American countries involved were said to be under considerable pressure to find a solution by the committee's 13-24 September session in Geneva.

There was agreement in many areas, such as the need for a bottom-up approach, with an accent on women's participation. But while developing countries called for new and additional funds, key donor countries stressed more efficient use of existing resources.

The issue of expanding the GEF's mandate to include funding for desertification control projects is unlikely to be tackled until restructuring and replenishment are completed, hopefully by the year's end. Currently, the GEF focuses on global warming, biodiversity, ocean pollution and ozone depletion.

The restructuring aims for a more democratic and transparent GEF, as requested at UNCED. And decisions taken to this end at the GEF's 26-28 May session in Beijing will be fine-tuned at the September meeting. These included agreement on universal membership of the GEF, governed by a Participants' Assembly, with decisions made primarily by consensus, and voting only as a last resort. Weighted or equal voting remains an issue, as does a proposed governing board, separate from the main Assembly.

Developing countries were encouraged by the "very positive atmosphere" at talks on implementation of UNCED agreements.

A meeting of donor countries in Beijing agreed in principle to a replenishment target of between $2.8 bn and $4.2 bn for a three to four year-period starting in July 1994. Further talks on replenishment will be held on 9-10 November in Paris, while restructuring issues will again be tackled and hopefully finalized in Cartegena, Colombia, on 4-11 December.

Gearing up to oversee UN plans for fast implementation of UNCED agreements, the new Commission on Sustainable Development (CSD) held its first annual session in New York on 14-25 June, exactly one year after Rio.

Much of the session, chaired by Malaysia's UN Representative Ambassador Razali Ismail, was devoted to organization of the 53-member CSD to ensure it works effectively. Its agenda for 1994 will cover health, human settlements and fresh water issues, along with toxic chemicals and hazardous waste. Two ad hoc expert groups on finance and on transfer of environmentally sound technology are to draw up concrete proposals for the next meeting on 16-27 May 1994.

The high-level segment of the CSD on 23-24 June, attended by over 40 environment and development ministers, seemed infused by the "spirit of Rio," and galvanized by a greater sense of urgency, the meeting saw better North-South cooperation. Emerging from its isolation at UNCED, the US announced that in partnership with Colombia, current head of the developing countries' Group of 77, it would play a strong role in the technology working group. Encouraged by the "very positive atmosphere," the CSD Vice-Chairman Ghazi Jomaa of Tunisia said developing countries now hoped to see industrialized countries translate this "new will" into action.

A 21-member High-Level Advisory Board on Sustainable Development chaired by Mr. Bernard Chidzero, Zimbabwe's finance, economic planning and development minister was set up to report to the Secretary-General and the CSD. Other African members include; Mr. Bola Kuforiji-Olubi, Nigerian commerce and tourism secretary; and Mr. Mustafa Tolba of Egypt, former head of the UN Environment Programme. ■

Namibia confronts the land question

By Eddi Bellando in Windhoek

While recovering from the drought of 1991-92, the worst in 60 years, Namibia is also tackling the controversial and sensitive issue of land. A draft Land Reform Bill, near completion by end-June, is likely to reach Parliament in December. It is an important step towards overall improvement in land distribution and usage, says Dr. Marcus Schivute, Deputy Minister of Lands, "so that we don't have two countries in one."

The statistics are telling : some 74 per cent of the best arable land is owned by some 4,000 white farmers, using an average 8,600 hectares each, mainly for lucrative livestock production exported to South Africa and the European Community. Over 120,000 black households share an average of 200 hectares each on the remaining farmland, for subsistence farming and livestock. Most of them live below the poverty line on overcrowded, communal lands scarred by overgrazing, desertification and drought.

Seeking to make more farmland available, the Land Bill focuses on the commercial areas and will look at "the whole question of absentee landowners, underutilized and unutilized land," says Dr. Wolfgang Werner, Director of Lands at the Ministry of Lands, Resettlement and Rehabilitation. But with the government looking to buy land, and the commercial farmers' union and other interests insisting that the government should rely on the market "to a great extent, if not exclusively" to determine supply, land prices have become "tremendously" inflated, notes Mr. Werner. While the Land Bill will try to control prices, the land the government can afford may not be enough "in the present political circumstances," he admits.

The lands ministry has already bought a small amount on the willing seller-willing buyer principle and some resettlement projects have begun. These have given grazing rights to drought-stricken herders and access to productive land for subsistence farmers. "Up to now it is still free of charge, but we want to change the system," and also explore other ways of "accelerating the process of making commercial land available," says Mr. Werner.

One way could be the introduction of a land tax of some one rand per hectare, suggests Mr. Martin Adams, a former adviser to the National Planning Commission. "This would probably result in a lot more land coming to the market." He argues that beyond buying out some farms, the country needs "a major restructuring of land ownership...and land-use planning." He points out that after the removal of subsidies and with the effects of drought, there have been several bankruptcies in commercial areas, and 30 per cent of the farms are idle in southern Namibia.

A February 1992 report of the International Fund for Agricultural Development (IFAD) found some fragility in the commercial sector. It said the productivity of its large-scale operations had been heavily aided by government subsidies, such as low-interest loans and tax relief, and the viability under non-subsidized conditions of many commercial farms, especially the marginal ones, remained to be proved. Mr. Adams says the commercial sector is still receiving "very major subsidies" in the form of "affirmative action loans." These enable black farmers to buy farms with Agricultural and Land Bank loans at 4 per cent annual interest. Some 70-80 of these farms were sold last year, and the aim is for blacks to take over half the white farms in the next five years. He says that rich white farmers have been very successful in recruiting rich black farmers into their ranks. Official support for the sector is likely to continue "simply because commercial farming is very important" for employment and exports, adds Mr. Werner.

While Mr. Adams advocates taking down the fences and allocating the "vast areas" of unused commercial land for communal use, Mr. Werner says major changes seem unlikely due to the "very limited" options and scope to "diversify agricultural production or to intensify it" in most commercial farming areas. He says that significant agricultural potential is limited "almost exclusively" to the far north and north-east where the soils are better and rainfall is higher and more reliable. But to the south and west, extensive grazing is the only form of land use, and large parts of the south are probably not suitable for resettlement and farming: "It would be to condemn people to eternal poverty," Mr. Werner declares.

The government recognizes the "crying demand for land," but also the need for redistribution on a sustainable basis. IFAD argues that while much debate has focused on transferring some commercial lands to communal smallholders, the question of access to land within communal areas is more important. Small herders and producers are being squeezed out as an affluent and influential minority appropriates and fences off large tracts, cutting off cattle migration routes and jeopardizing efforts to restructure communal agriculture into viable small-scale units. IFAD

Namibia Ministry of Agriculture

Commercial livestock farm in Namibia. Illegal enclosures on communal land have cut off some cattle migration routes.

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Tokyo Conference

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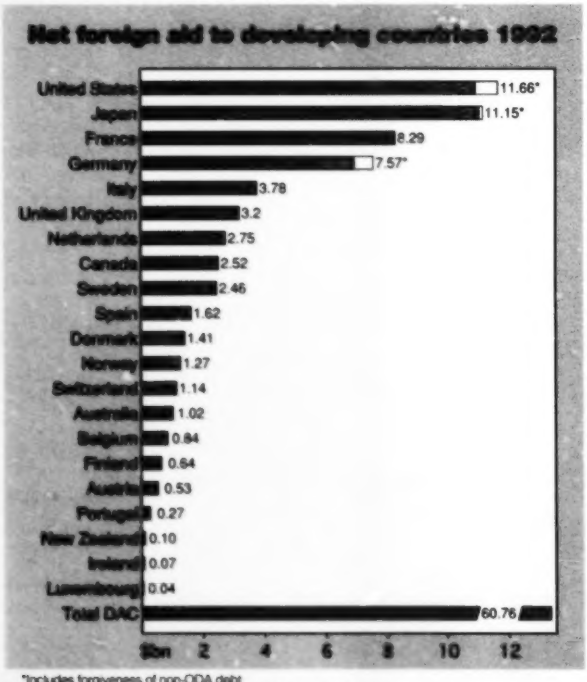
growing international consensus on what kinds of development reforms are helpful" for Africa, one participant in the late August-early September meeting in Arusha, Tanzania to draft a final declaration for Tokyo told *Africa Recovery*.

The Tokyo International Conference on African Development (TICAD) has been organized by Japan in collaboration with the UN Office of the Special Coordinator for Africa and the Least-Developed Countries (OSCAL) and the Global Coalition for Africa (GCA). Japan first proposed the conference in 1991, at a special meeting of an ad hoc committee of the General Assembly to review the 1986-90 UN Programme of Action for African Economic Recovery and Development (UNPAAERD). The conference is being held at ministerial level, although a number of African heads of state are expected to attend.

As well as African countries, representatives from 14 donor countries, plus the European Community, along with senior officials from the World Bank, International Monetary Fund, Organization for Economic Cooperation, UN Development Programme, the UN Economic Commission for Africa (ECA) and the Organization of African Unity are expected to attend.

Stressing that TICAD is "not a pledging conference," the Arusha participant noted that the final declaration would "indicate follow-up actions that countries could take and different areas in which donors could intervene and help, but without suggesting specific amounts." Mr. Abdallah expects African delegates to emphasize their commitment to self-help, but the international community will also be asked to "refocus its attention to support African endeavours." He says the conference will avoid proposing any new institutions. Instead, it is expected to urge increased cooperation between Africa and donors on a limited number of concrete actions.

Deputy Prime Minister Tsutomu Hata also heads the Ministry of Foreign Affairs, which is in charge of Japan's preparations for TICAD.



*Includes forgiveness of non-ODA debt
Source: Organization for Economic Cooperation and Development

While African participants at the Arusha meeting agreed to language in the draft declaration supporting economic policies favoured by donors such as privatization, many did so primarily in hope of encouraging the improved cooperation and additional resource flows the continent needs.

According to a paper prepared by the ECA, it is important for both Africa and the international community to evolve a partnership of "mutually beneficent interactions" based on production and trade. The ECA stressed that Africa's openness to manufactured goods from Japan and other industrialized countries should be "counter-balanced" by "fair remuneration and unimpeded access" to industrialized country markets for Africa's agricultural, mineral and manufactured products.

With the continent undergoing major transitions in the political and economic spheres, the ECA emphasized the need for strong international support, and a new partnership which required "dramatic shifts in at least four critical areas": official development assistance (ODA); debt; foreign investment; and regional integration. Both ODA and foreign investment could strongly support Africa's drive towards regional integration by participating in regional and sub-regional projects, the ECA argues.

New Africa-donor partnership

The nature of a new Africa-donor partnership, as well as the lessons from Asia's development experience, were discussed in June at a consultation on TICAD held in Dakar by OSCAL and the Senegalese government. It was attended by officials from roughly a third of African countries and seven donor nations, as well as representatives of UN agencies and the Forum of African Voluntary Development Organizations (FAVDO), a coalition of African non-governmental organizations (NGOs). FAVDO, a number of other African groups and several Northern NGO coalitions (including Eurostep, Partnership Africa Canada, the US-based InterAction and the Australian Council for Overseas Aid) are advancing a set of proposals to the Tokyo conference that focus on reform of structural adjustment programmes (SAPs) to assist the most marginal groups and to enhance food security, and a strengthening of UN peacekeeping and humanitarian response capacity, as well as on aid, debt and trade.

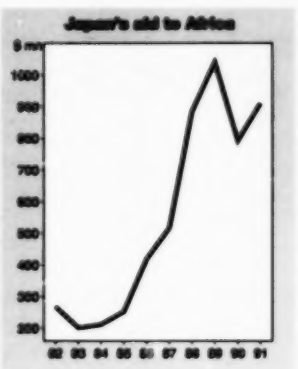
A number of background papers have been prepared for the conference, including one on the relevance of the Asian experience for African development, another by the UN Department of Humanitarian Affairs on the continuum of emergency relief and development, and on the issues of good governance

and the role of the private sector, by the GCA.

TICAD shows Japan's concern for Africa, and will also help make Africa more well-known to Japanese people. The conference builds on the concerns of UNPAAERD and its successor, the UN New Agenda for the Development of Africa in the 1990s (UN-NADAF).

Scheduled barely three months after Tokyo hosted the economic summit of major industrialized nations, TICAD reflects Japan's growing prominence within the UN. It is currently seeking a permanent seat on the UN Security Council. A Japanese, Mrs. Sadako Ogata is UN High Commissioner for Refugees, and another Japanese national, Dr. Hiroshi Nakajima is Director-General of the World Health Organization.

Japan earlier this year announced a 50 per cent increase in its aid, with some $120 bn in official funds being made available over the next five years. Previously, Japan vied with the United States as the world's largest aid donor. While the US was ostensibly the largest provider, its aid totals include cancellation of non-ODA debt. When this is excluded, which has now been agreed by the Development Assistance Committee of major aid donors, Japan's volume is larger (see table). The new aid increase is now set to make Japan clearly the world's largest provider of aid.



Source: Government of Japan

Some 60 per cent of Japan's aid goes to Asia, but Africa's share has been rising. From some $268 mn in 1982, Japan's support to Africa rose to over $1 bn in 1989. After falling back in 1990, partially as a result of negotiations over debt relief, Japan's aid to Africa again rose in 1991 to over $900 mn. In 1990-91, Japan was the fourth largest source of bilateral aid to Africa after the US, France and Germany. For countries such as Ghana and Nigeria it was the largest donor. Japan is also the second largest contributor to the International Development Association, the biggest source of concessional funds for Africa, and is the largest contributor to the African Development Fund.

Major TICAD themes

A number of issues will provide the major themes around which discussions in Tokyo will revolve. These include:

- the need to encourage economic development and job creation through the private — especially informal — sector (via privatization and even the creation of a private sector where it does not exist), to develop an appropriate "balance" between governmental and private sector roles in development, and to improve financial systems and practices in order to stem capital flight;
- the need to encourage African regional cooperation and integration, particularly in the areas of trade, enhancement of productive opportunities and economic diversification;
- the need to address the root causes of Africa's many natural and man-made disasters, support OAU efforts to develop conflict resolution mechanisms, and support African efforts to move from short-term emergency relief to long-term recovery and development;
- the relevance of Asian development experiences and strategies to Africa's struggle to achieve sustainable economic growth; and
- the need for a new partnership between African countries and the international community to achieve sustainable development, and a recognition of the key contributions of women and non-governmental organizations (NGOs) to economic development.

A "greater convergence of views" — arising from "very frank and open discussions" and the "extremely productive intervention" of Japanese Ambassador Yasushi Kurokochi — facilitated agreement at the Arusha meeting on a draft text for the "Tokyo Declaration," said a participant. A drafting committee meeting in June indicated a range of issues likely to be debated at TICAD.

The issues include aid conditionality, the extent to which African countries can ever "own" the economic policy reforms being pressed on them by donors; and whether they merely comply in order to ensure continued flows of aid. Linked to this is the extent to which donors as well as aid recipients need to develop greater transparency and accountability in policy design and implementation. On military spending, there are also differing views on whether it is primarily an African or global problem, requiring global or solely national solutions.

There will be renewed focus on declining terms of trade, and strong voices can be expected to call for wider market access for African products. Some will also argue that macro-economic factors such as debt merit greater international attention as the primary causes of Africa's long-term decline and lack of competitiveness. Discussion is expected on improving the design and implementation of SAPs, not only on a national scale (where many argue they increase suffering among the most marginal groups), but also at regional level to support, and not hamper, efforts for integration.

Mr. Ahmedou Ould Abdallah who heads the UN office co-organizing the conference.

Asia's experience

There will be varied views on the relevance of Asia's development experience to Africa, and some participants will stress the need to encourage greater South-South cooperation and particularly, how to change the image of Africa as a continent racked by poverty, drought, famine and lethargy into one that reflects its energy, creativity and dynamism.

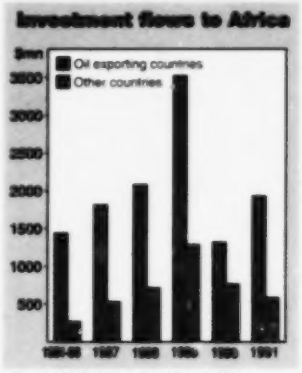
TICAD is not expected to resolve these issues. However, the fact of holding the conference represents another step in keeping African development issues near the top of the crowded international agenda. With many donors currently having their own problems, TICAD could present an opportunity, in a time of shared difficulties to improve international cooperation for development. ■

Africa's route to foreign investment

By Benn Bongang

With Africa lagging well behind the rest of the developing world in the growth of its foreign direct investment (FDI) receipts, the *UN World Investment Report 1993* urges African governments to adopt vigorous policies that improve national capabilities and competitiveness in order to attract transnational corporations (TNCs).

The report, *Transnational Corporations and Integrated International Production*, the first-ever to provide data on the top 100 TNCs, with analysis on production systems and policy implications, also urges greater cooperation between private and public sectors to increase FDI inflows.



Source: UN World Investment Report 1993

Pointing to the volatility of Africa's FDI receipts, the UN says they rose to $2.5 bn in 1991, some 21 per cent over 1990, but still below the $2.7 bn annual average for the 1985-1990 period. A sharp downturn is projected for 1992, with FDI falling by 33 per cent, attributable, in part, to recession and slow growth in industrialized countries.

The 1991 surge in FDI mainly benefitted African oil-exporting countries, with Nigeria alone receiving over $700 mn, compared to the $586 mn total going to all non-oil African countries. In Angola, oil exploration and mining accounted for most of the over $660 mn received in FDI that year.

Despite the focus on the extractive sectors, the share of non-oil producers in Africa's total FDI rose from 20 per cent in 1986-88 to 28 per cent in 1989-91, primarily due to a sharp rise of investment in Morocco (to $320 mn), attracted by strong growth, liberal investment laws and duty-free access to the European Community for manufactures with at least 40 per cent local content, says the UN report.

It notes that some countries are attracting FDI in services, particularly Mauritius, which has encouraged investment in finance as it tries to develop into an offshore banking centre. The only significant investment outflows in Africa were from South Africa into the Southern African region, with mining companies "set to expand into underexplored countries" such as Angola, Mozambique and Namibia, with the possibility of increased competition from Australian companies.

In spite of limited FDI to date, the report sees potential for a growth rate of up to 16 per cent by 1995. But African governments must take advantage of advances in information technology, implement changes in the domestic economy and create an attractive environment for small and medium-sized TNCs in services and other sectors, it says. ■

How to catch a foreign investor...

Freely transferable profits and increased market share are major incentives for foreign direct investment (FDI), concluded participants at a late June seminar held by the UN Conference on Trade and Development (UNCTAD) in Geneva. The absence of ceilings on share-holdings is also more attractive to investors than subsidies and cheap, unskilled labour, said panelists. They included representatives from Nestlé, Unilever, Chase Manhattan, Crédit Suisse, Fiat, and Japan's Eximbank, along with British and US academics.

An UNCTAD report to the seminar warned developing countries to avoid "costly" competition for investment, particularly through fiscal incentives, and argued for greater exchange of information on FDI policies. UNCTAD said the incentive of export processing zones (EPZ), which in Mauritius' case attracted over 85 per cent of FDI in the last decade, had fallen short in technology transfer and upgrading of skills. For long-term viability, an EPZ must be integrated in a country's overall development strategy, it stressed.

Namibia woos overseas companies

Namibia has followed its notably liberal Foreign Investment Act of 1990 with special incentives for the manufacturing sector announced in April this year. "Foreign investors are guaranteed that the conditions that prevail today will still be here in the next 10-15 years," declares Mr. Steve Galloway, Deputy Director for Investment Promotion at Namibia's Ministry of Trade and Industry. He adds that with Namibia's political and economic stability as a major asset, "we really want to get manufacturing going here."

The incentives include concessional loans for the establishment, expansion and diversification of enterprises, as well as relocation costs; tax-exempt dividends; a five-year, 50 per cent tax abatement on income; and cash grants of up to 50 per cent for export promotion and marketing expenses. The government also promises to lower the 40 per cent corporation tax rate over time. Coming after other measures, such as a lower non-resident shareholder tax, and changes in dividend taxes, "which have made it generally more favourable to operate here," Mr. Galloway predicts "quite an increase in foreign investments, because a lot of people who had interest in the country are now happy that everything is in place."

Namibia's investment promotion has targeted Europe, South-East Asia and North America, where President Sam Nujoma made a special pitch during his 1993 visit. The result has been investor interest in fisheries, tourism, and especially mining: the March 1993 mining investment conference in Windhoek attracted some 350 potential investors and generated substantial business.

Pointing to recent big investments (a Spanish-owned fish factory, a German-South African pharmaceutical factory, a German-Namibian prefabricated panel factory) and some smaller ones in manufacturing and processing, Mr. Galloway claims "people are really looking at Namibia as a likely manufacturing base to access markets in North America and Europe," adding that its good infrastructure also makes the country the gateway to the region.

By Eddi Bellando

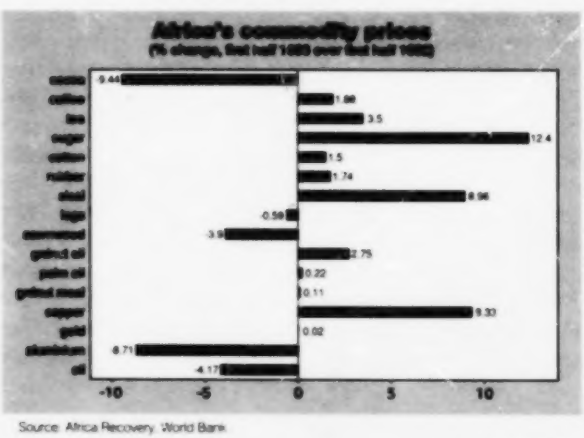
Producers act to boost prices

World Bank predicts end to downturn for raw commodity exporters

Commodity producers are taking things into their own hands in an effort to give momentum to a projected upturn in prices. Coffee producers are to putting the final touches to a scheme to withhold up to 20 per cent of production from world markets. At a mid-August meeting in Kampala, African producers agreed to join the scheme, originally proposed by Latin American countries. Indonesia, the major Asian producer has also agreed to participate.

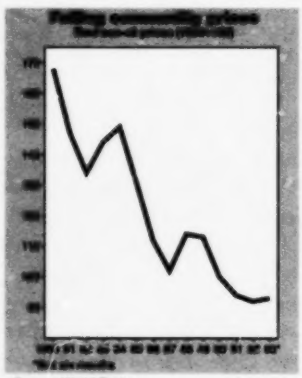
Cocoa producers are also to limit output in an attempt to reverse the six-year fall in prices which has taken them to their lowest level ever in real terms. Already, Côte d'Ivoire has banned export of its mid-season crop.

Producers have undertaken these actions in the face of reluctance from consumer countries to agree to strengthened price intervention measures in international commodity agreements (ICAs). ICAs for cocoa and coffee collapsed in the late 1980s, since when prices have plunged sharply. Negotiations on cocoa, coffee and natural rubber in the first half of the year all failed to produce agreement on new price stabilization measures, and led many observers to speculate that ICAs, always a threatened species, were now in danger of becoming extinct.



Source: Africa Recovery, World Bank

Since the action by cocoa and coffee producers, prices have picked up. Coffee prices, which were around $0.55 a pound in April, topped $0.70 in late August, in large part because of the determination shown by producers, traders say. The price resurgence could mean that producers will implement less radical export cutbacks after the proposed start-up date of 1 October or modify the price levels triggering stockpiling. After a 10 per cent fall in the first half of the year, cocoa prices also started to rise in August, reaching their highest level in three years.


Source: World Bank

Producers hope their action will persuade consumers to adopt a more positive attitude towards international agreements. Consumer countries are already a party to the July agreement by cocoa producers on output constraints. The new agreement will include measures to further promote cocoa consumption, which is rising some 2-3 per cent a year.

Details of how cocoa production is to be cut back, however, have still to be worked out. Coffee producers will also have to tackle the issue of policing their withholding scheme. Traders query how the restrictions are to be enforced, particularly when prices start to rise, as well as the financing of stocks. Doubts on both fronts could lead to an early testing of producer resolve by the market.

The success of producer efforts could be vital for African economies, the majority of which have been badly hit by the protracted downturn in commodity prices. This trend has seen African exports fall from an average of over $90 bn in the early 1980s to $80 bn in 1990, with a further drop in 1992 to $70.8 bn, according to latest figures from the UN Economic Commission for Africa (ECA). The economies of African exporters of cocoa, coffee and tea grew by only 0.1 per cent in 1992, while African mineral exporters suffered a 3.2 per cent fall.

The ECA's African export index shows that average commodity prices were down 1.3 per cent in 1992 while non-oil commodities were down 14.3 per cent. The World Bank's aggregate index for real prices of non-oil commodities in 1992 was at its lowest level since the index was started in 1948.

The Bank predicts a break in the long-term downtrend from 1994 onwards, with a consequent revival in African growth rates. But the improvement will be far from spectacular. It says real non-oil commodity prices in 2000 will still be below 1990 levels, themselves well down on prices prevailing throughout the 1980s. Only beverages and timber prices are predicted to improve.

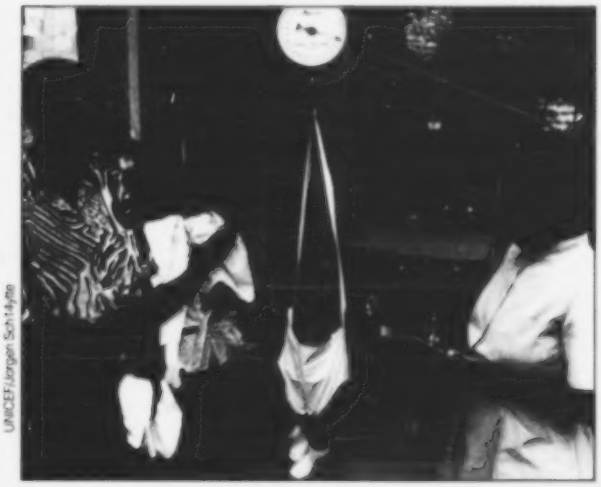
The ECA warns that the prospects for African commodities "are not generally good," largely because of still hesitant growth in major industrial countries, and increased sources of supply for many products, such as coffee. In the first half of 1993, commodity prices have shown a small upturn in real terms, according to the World Bank index. Prices for copper, groundnut oil, sisal, sugar and tea in the first half of this year were significantly better than first half-1992, according to *Africa Recovery's* monitoring of individual commodities, with only five showing an actual decline.

Some prices are weakening, such as tea and gold. Oil prices fell back sharply in late August in the face of rising production, and by early September were under $16 a barrel. Given the large share of oil in Africa's overall gross national product, this could make it even harder for the region to reach the predicted growth of 3 per cent or more this year, although African oil importers would benefit. ■

Bank links health to economic growth

By Carole Collins

New policies and strategies for health care are essential to economic development in sub-Saharan Africa, the World Bank declares in its 1993 *World Development Report* released on July 6. Entitled *Investing in Health*, the report urges greater investment in more cost-effective health services to increase productivity and incomes and spur economic growth and development.



UNICEF/Jorgen Schytte

Increased spending on health is vital for Africa's economic recovery.

The Bank concedes that social spending tends to fall during structural adjustment, but argues there is more gain from efficient allocation than dramatic budget increases. It nevertheless endorses calls by UNICEF and the UN Development Programme for increased donor aid for health, proposing a rise of $2 bn in annual assistance over the next 5 years. This would bring the share of total official aid spent on health to 9 per cent, from the present 6 per cent.

Multilateral aid

Reflecting a trend in multilateral aid of rising lending for health, the Bank currently provides $350 mn a year for health, four times its 1987 level, and expects to become the largest single external source of health funding for developing countries by 1995. But the share of health in total donor aid fell from 7 to 6 per cent in the 1980s, apparently minor, but with dramatic effect on many African countries. Foreign aid provides a fifth of Africa's health spending and over 50 per cent in Burundi, Chad, Guinea-Bissau, Mozambique and Tanzania. In a few countries, such as Mozambique, it also finances over 90 per cent of capital spending for health.

Alongside declining donor aid, Africa's total health spending fell in the 1980s to an average of less than 4 per cent of public spending, and under 2 per cent of gross domestic product. Non-governmental organizations (NGOs) and churches have filled some gaps, providing over a third of medical care in Cameroon, Ghana, Malawi, Uganda and Zambia. But persistent financial and health crises have caused some erosion of modest health gains in sub-Saharan Africa. It made the least progress of any region between 1950 and 1990, with life expectancy and other key indicators substantially lower than the average for all developing countries.

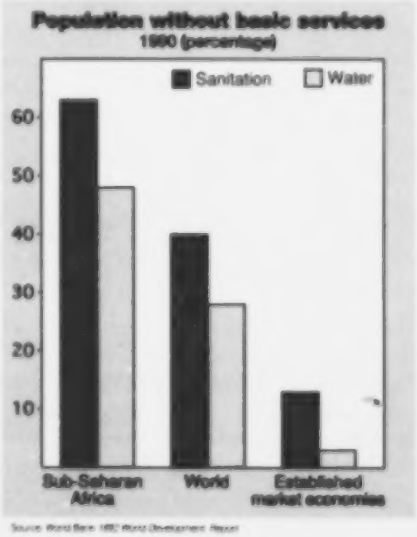
Developing countries made impressive gains in that period, with life expectancy rising from 40 to 63 years and under-five mortality falling by almost two-thirds. However, the Bank points out that child deaths are still 10 times, and maternal mortality 30 times higher than in established market economies (EMEs). The disparities are even more striking when the $800 bn annual health spending for 250 million Americans is compared to the $170 bn for 4.1 billion people in developing countries.

The Bank uses a new statistical indicator — disability-adjusted life years (DALYs), or that portion of an average, healthy life lost through disability or premature death — to measure the "global burden of disease" (GBD). Sub-Saharan Africa has the world's highest GBD per 1,000 people, 70 per cent more than in India, twice as high as the in the Middle East and almost five times higher than in EMEs. Communicable diseases account for 71 per cent of Africa's GBD compared to 42 per cent in Latin America and 10 per cent in EMEs.

New public health threats

While Africans are under growing threat from old scourges — malaria deaths may double to 2 million within a decade, and tuberculosis and sexually transmitted diseases are also on the rise — the Bank warns that tobacco-linked diseases could cause more premature deaths in developing countries by the year 2025 than AIDS, TB and childbirth complications combined.

The new scourge of AIDS could cause 8.5 million premature deaths in sub-Saharan Africa by 2000, the Bank says, with falling trends in child mortality already being reversed in some high-prevalence areas. The 10 worst affected African countries may be losing about 0.6 per cent in annual per capita income growth due to lost productivity and costly treatments, and while some one in 40 sub-Saharan adults — one in three in some cities — is now HIV-positive, total spending on AIDS prevention in the sub-region was only $90 mn in 1992.



The Bank blames the prevalence of disease and disability in Africa as much on poor resource allocation as on lack of funds. It argues that the cost of disease and disability could be cut by a quarter to a third if African countries spent less on urban hospitals and more on basic health care for the rural poor. Often, 20 per cent of the health budget goes to one central hospital, generally catering to the more affluent, and the Bank argues that health subsidies mostly benefit middle and upper-income groups.

Focus on basic services

Health care, it says, can be quickly improved through decentralized and better targeted delivery services, greater competition among public and private facilities and budget restructuring. Governments should halve spending on high-tech, specialized care for relatively few people, and double or triple the allocations to primary health and essential clinical services. A minimum package of such programmes and services could cost $12 per capita in the poorest countries — some of which spend just $6 per capita — and reduce the burden of disease by 25 per cent, it argues.

Such programmes would include promotion of community-financed health schemes, as in the 1987 Bamako Initiative which is supported by UNICEF and the World Health Organization and has been notably cost-effective in 18 African countries. Budget savings of 40-60 per cent could come through competitive drug procurement and switching from brand-name to generic drugs. The Bank also stresses the positive impact of family planning on infant mortality, and the importance of small investments in environmental improvements. Just keeping human and animal waste out of drinking water could decrease the disease burden by 10 per cent, it suggests.

The World Bank urges developing countries to halve spending on sophisticated hospitals and to double or triple budgets for primary health care.

While praising child immunization as one of the most cost-effective public health measures, the report proposes vitamin supplements for children to fight malnutrition, and vigorous official campaigns against tobacco and excessive alcohol consumption, and especially for AIDS prevention. Focusing on the pivotal role women play in household food processing, hygiene and health care, the report recommends better education, especially for girls, along with public education on nutrition, family planning and AIDS-prevention. ■

Critics say World Bank policies harm health

For years, numerous critics have charged that structural adjustment programmes (SAPs) seriously aggravate the poverty and health problems which the World Bank highlights in its latest *World Development Report*. The Bank has now been accused of trying to "have its cake and eat it" by an international coalition of churches, as well as Zimbabwe's health minister and a UNICEF representative.

The report urges developing countries to increase health spending once the adjustment reforms "start paying dividends", explains Zimbabwe-based World Bank representative Christian Portman. The Bank adds that "increasing the income of those in poverty is the most efficacious for improving health," since they are most likely to spend it on health care, better food, safe water, sanitation and housing, all of which reduce disease.

But in a blunt response to the Bank, Zimbabwe's Minister for Health and Child Welfare, Dr. Timothy Stamps, states that adjustment is "playing havoc with the nation's health and threatening to swallow major health achievements," InterPress Service reports. Since independence in 1980, Zimbabwe has made significant progress in life expectancy, infant mortality and in repairing and expanding health care facilities throughout the country.

A recent open letter to Bank President Lewis Preston from the Canadian Council of Churches (CCC) and Inter-Church Coalition on Africa also attacks orthodox SAPs for their "devastating impact" on health and livelihood in sub-Saharan Africa. The letter describes Bank policies as an "assault on both the physical welfare and the basic human dignity of the poor."

Stressing that "access to health care is a basic human right," the churches say the Bank's strategy of privatizing health care "only increases inequities in access to health services" in a period of high unemployment, soaring prices and growing poverty. Multilateral debts of debt-distressed low and middle-income countries should be cancelled, they argue, charging the Bank with worsening both health and development crises in the 1980s by shifting resources from development aid to debt repayments. The letter was endorsed by the All Africa and Caribbean Councils of Churches, various Northern non-governmental and religious organizations as well as the Lesotho Evangelical Church, the Namibia Council of Churches, and the US-based Africa Faith and Justice Network.

With many African governments committed to public spending cuts in their SAPs, some analysts feel that few countries can boost health spending by 50 per cent over the next five years as the Bank urges. Even in relatively strong Zimbabwe, per capita health spending has dropped by 30 per cent since its SAP began in 1991. Besides the fall in qualified nursing staff levels and drug supply, new medical fees have replaced subsidies on health care, and some old fees have jumped by between 40 and 105 per cent. Fewer people can now afford hospital treatment — since 1991, bed occupancy in Harare's central hospital has plummeted 34 per cent. A Zimbabwe Congress of Trade Unions study also found that, unable to afford medical fees, many workers in the clothing and textile sector are using traditional healers and prophets.

Finally, a 1992 UNICEF survey found that after one year of SAP, the number of women dying in childbirth recorded in Harare had risen by 100 per cent. This is a "reflection of the current harsh socio-economic conditions now translating into mortality trends", says the local UNICEF representative Sally Fegan-Wyles, who questions what the Bank is "up to" when it demands adjustment and recommends more investment in health.

Uganda : turning growth into prosperity

Devastated by years of civil strife, Uganda has staged a remarkable economic recovery, with renewed growth accompanying the return of peace in most of the country. Over the last year the government has taken tough measures to cut spending and curb inflation. With very limited resources, it now faces the difficult task of significantly reducing the country's widespread poverty.

By Roy Laishley

Uganda's economic performance since Yoweri Museveni became President in 1986 has been impressive. After the havoc wreaked by the Idi Amin regime and its legacy of continued civil conflict, security has been gradually restored and agricultural production, the economy's mainstay, has accelerated. With favourable rains in most years, the sector has spurred average growth rates of 5 per cent a year since 1987, and over 7 per cent in the 1992-93 financial year, according to Finance Minister Joash Mayanja- Nkangi's June budget statement.

UNDP/Jurgen Schulz

Tackling Uganda's widespread poverty is the major challenge facing the government

Such results are remarkable against the background of plummeting export receipts. Coffee usually provides over 90 per cent of Uganda's export revenue, but since 1989 world prices have fallen 50 per cent. From a high of $394 mn in 1986, Uganda's coffee earnings shrank to $98 mn last year.

Donors and some Ugandan finance officials attribute strong growth to the determined implementation of tough adjustment measures. "We debated policies with the World Bank, but then took them as our own" in an "all-embracing" reform programme, says Minister of State for Finance Matthew Rukikaire.

The results include the plunge in inflation from over 60 per cent in 1991-92 to a negative 1.3 per cent for the year to May 1993, and the rise in foreign reserves from less than one month's imports in 1989 to the current 2.3 months. The Uganda shilling, allowed to float since 1990, has also stabilized and, with an encouraging inflow of funds, was even appreciating against the US dollar in June-July. "We took the bull by the horns," introducing a monthly cash flow budget which meant "we didn't spend what we didn't have," says Mr. Emmanuel Tumusiime-Mutebile, the permanent secretary in the finance and economic planning ministry.

But some analysts argue that spending cuts have hurt economic activity. There is also widespread domestic criticism of the social costs: several thousand civil servants have been laid off, with more to follow. And while World Bank figures show 55 per cent of Ugandans living in poverty, public spending cuts have limited maintenance and expansion of poor social infrastructure. With adjustment focusing on macro-economic considerations, social sectors tend to suffer, Mr. Rukikaire concedes.

In private, many donors acknowledge the fragility of Uganda's success. "They have taken some very courageous decisions, but the hard part is still to be done," one said. To help keep reforms on track, donors have sharply increased their aid since 1990. At the May Consultative Group meeting in Paris, they lavished praise on Uganda's performance and pledged $825 mn for 1993/94, the same as the previous year.

Having stabilized the economy, the government's aim is "sustainable and equitable development. But there are plenty of constraints and no obvious strengths outside agriculture. The revenue base is tiny, investment rates low, the debt burden is one of Africa's heaviest, and the public sector is often inefficient,

demoralized and affected by corruption. AIDS is also starting to devastate the most productive parts of the workforce.

Now in the middle of an often passionate debate over future political structures, Ugandans will elect a Constituent Assembly in December to draft a constitution ahead of general elections next year. President Museveni has made clear his opposition to immediate multi-party politics and preference for democracy under the umbrella of the ruling National Resistance Movement. But he has agreed to abide by Assembly decisions.

The political process could seriously affect economic policy. Already, the privatization drive has faced a strong challenge in the National Assembly over its legal basis. There is also influential resentment over the restoration of property to Asian Ugandans (after the expropriations of the 1970s), a measure seen in government and donor circles as crucial to investment promotion efforts. Donors, senior government officials and business-people concur that reforms could be undone if political changes lead to a surge in public spending and a fall in the currently strong support for the private sector.

Agricultural strengths

Economic prospects remain largely dependent on an agricultural sector made up of some 2.5 million smallholders, with few large estates outside of tea and tobacco production.

"Adjustment has helped those peasants producing for export," claims Mr. Tumusiime-Mutebile. In support, the World Bank points to the gradual freeing of farmgate prices since 1990, and the abolition of the marketing boards' monopoly on exports other than cotton. The lifting of a coffee export tax in 1991 has also helped raise coffee farmers' income despite the fall in world prices. Up to half the smallholders grow coffee, and their gains are significant — farmgate prices in 1991 were the highest since 1985 in real terms — albeit geographically concentrated.

However, coffee production has been falling recently, largely

Uganda at a glance: 1991

Population	17 million
Pop. growth rate	2.6%
GNP per capita	$170
Currency	USh 1,134=$1*
GDP	USh 3,399 bn*
of which: agriculture	55%
manufacturing	4%
Total external debt	$2.7bn*
Debt as % of GNP	109%
Debt service ratio	51.3%
Life expectancy (male)	43 years
Crude death rate	22 per 1,000
Infant mortality rate	110 per 1,000
Child mortality rate	190 per 1,000
Adult literacy rate	48%
Primary school enroll.	70%
Fertility rate	7.3
Pop. per physician	24,700
Access to safe water	23%

* 1992
Source: Government of Uganda, UNICEF, UNFPA, World Bank

Quick march to demobilization

With military precision, Uganda's ambitious plans for demobilizing 30,000 soldiers of the National Resistance Army (NRA) are proceeding at a rapid pace. In one eight-week period between December 1992 and February 1993, 20,000 soldiers, along with some 34,000 of their dependants, were trucked to central assembly points, registered, given the first part of a cash settling-in package and transported to their home areas to begin a new life. Major-General Emilio Mondo, in charge of the civilian component of the operation, says he is ready to begin demobilizing another 10,000 soldiers later this year, if he can get the further funding he has requested.

He may be running a bit too fast for many donors, who are bankrolling the $80 mn cost of the first phase. Funding for it was only agreed in September 1992, with the EC, Germany, US and World Bank prominent. While generally full of praise for what one describes as a "well run" scheme, donors are anxious to assess just how the first phase is going and, in particular, what problems are being encountered in the home areas. On a continent where a growing number of countries face similar problems, Uganda's demobilization scheme has taken on a wider significance.

Maj-Gen. Mondo, Executive Secretary of the Uganda Veterans Assistance Programme (VAP), doesn't disagree with donor concerns. "We can only call the programme a success if veterans are resettled on a sustainable basis," he told *Africa Recovery* in July. Ex-soldiers need income-generating projects, with credit facilities and vocational training. The districts into which they settle must also be seen to benefit, he insists, listing feeder roads, better health-care facilities and tree planting as some of the wider community-based projects included in a longer-term reintegration programme drawn up by VAP.

Each soldier has been given a three-part settling-in package, phased over six months, topped up by certain payments-in-kind and some money towards school fees. Total payments are worth some $700, a significant amount in a country where the average rural household spends only about $315 a year. The money will have a "major impact" on the rural economy, Maj-Gen Mondo says, and the second and third payments are being made into bank accounts to encourage careful management of the money.

VAP is now waiting on a report on how its benefits scheme has worked. The appointment of external auditors has helped to ensure the transparency of the scheme, but the crucial question of how veterans are using the funds — and whether Uganda's troubled banking system can administer them efficiently — will take longer to answer.

The fact that soldiers were demobilized in their home areas and therefore spread throughout the country — a much praised aspect of the scheme — makes the task of assessment more difficult. At least two-thirds of the total are expected to take up farming. But for these ex-soldiers, typically semi-literate, unskilled and with few resources outside the benefits package, making a living as civilians is likely to be tough.

Beyond some $5 mn already provided for longer-term training, more funding is needed, along with access to credit, extension services and other support facilities. Maj-Gen Mondo says access to land is turning out to be a problem in some areas, and up to 10 per cent of demobilized soldiers consider themselves landless. There are also fears that demobilization will worsen conditions in the desperately poor rural economy: donors estimate that at least 30 per cent of those demobilized are HIV-positive, with others ill or otherwise "socially maladjusted."

due to old trees in need of replacement, and exports may reach only 2.4 mn bags in 1995/96, compared to 2.04 mn in 1992/93. With prices forecast to average only $0.95 a kilo in 1995/96, projected coffee earnings of $136.8 mn will be less than half the 1980s average.

Food crops have fared relatively worse, Bank analysis suggests. Terms of trade for plantain (the staple crop), cassava, millet and sorghum are all down, though maize prices rose recently. Higher production has softened the impact of weaker prices, ensuring steady gains in per capita food supply, except for the 1992 drought year. But faster agricultural growth is hampered by the lack of feeder roads, extension services and credit.

Nevertheless, with drought and conflict disrupting food production in neighbouring countries, Uganda has become a key maize exporter. The World Food Programme expects to buy up some $20 mn of surplus stocks this year. Local analysts argue that Kenya's structural shortfall for maize of at least 500,000 tonnes is Uganda's opportunity. Uganda's recorded maize exports in 1991/92 were only 33,000 tonnes, but Mr. James Cartwright, advisor to the finance ministry's Export Policy Analysis and Development Unit, says that even without costly fertilizer or improved seeds, better cultivation methods could raise the low yields by 30 per cent.

Planners are also exploring higher value crops to boost rural incomes and exports. But "everyone is trying to look for non-traditional exports and you all end up competing for the same niche markets," says the Unit's Director, Prof. Erisa Ochieng. Still, there are promising signs for Uganda, particularly in horticulture, where Kenyan growers are joining new investors in growing roses for the European market. This year saw the first export of silk cocoons to Japan, a product which Mr. Cartwright argues is ideal for smallholders. Mulberry, on which silkworms feed, for example, grows freely in Uganda, Mr. Cartwright points out. Exports could earn $20 mn a year if it later shifts to the higher-value reeling stage.

Schemes for vanilla, pyrethrum and asparagus are either in production or under preparation. But the dangers have been highlighted by the case of sesame, which grows easily in northern Uganda. The suspension of higher quality supplies from Sudan enabled Ugandan sesame exports to top $10 mn in 1991. But with Sudan's return to the market in 1992, Uganda's share has shrunk sharply.

Developing the private sector

In order to create more space for the private sector and increase foreign investment, the government has liberalized the economy and sharply cut its own consumption of local capital. Significant steps include the return of over 1,000 properties confiscated from Asian Ugandans in the early 1970s, with the deadline for further claims extended to October. Important players, such as the Madhvani and Mehta families, have repossessed some estates and factories, a signal of confidence in Uganda.

Linked to this is a five-year privatization programme that could generate some $500 mn in badly needed revenue. Some 46 state-owned enterprises are set for privatization, another 12 for restructuring, while liquidation awaits 20 others considered unviable. To date, three companies have been sold, state equity in a fourth substantially cut, with 18 more ready for privatization, says Mr. Robert Rutaagi, director of the Public Enterprises Reform and Divestiture Secretariat (PERDS).

But Parliament stalled further sales earlier this year while it debated the legal basis for this disposal of state assets. While strongly defending the transparency of the sale process against criticisms, Mr. Rutaagi acknowledges that without a highly developed financial sector, PERDS has to sell national assets to a relatively narrow band of people — critics bluntly say foreigners.

Expanding social services with limited funds

Poverty reduction is central to the government's development strategy. The World Bank argues in its July report, *Uganda: Growing out of Poverty* that the scale of poverty in Uganda makes targeting the poor and most vulnerable "far too expensive." Instead, there is a two-pronged assault, focused firstly on raising rural incomes, mainly through increased resources for smallholder agriculture, and secondly, direct efforts to rapidly improve access to social services. The inadequacy of social services is "a principal dimension of poverty in Uganda," the Bank told a donor pledging meeting in May.

Uganda faces an immense challenge in making significant inroads into the country's widespread poverty. Annual health spending is less than $2 per capita, compared with $6 in Kenya and $14 in Zimbabwe, and even with increased aid, spending will rise only modestly, given the limited scope for raising domestic revenues.

Long years of civil war and insurgency made Uganda's crude death rate (over 20 per 1,000) one of the worst in sub-Saharan Africa. Now AIDS is expected to raise the rate by about 6 per 1,000 between 1995 and 2000. Some 6-10 per cent of Ugandans are HIV-positive, a quarter of them women of child-bearing age. Already 30 per cent of children are orphans in some districts. Slow progress in infant and child mortality rates is being reversed, with malaria, pneumonia, and diarrhoea the main killers of children under five – who account for over half of hospital deaths. Infant deaths are running at some 70 per cent above the average for low-income countries. Widespread malnutrition means that some 45 per cent of surviving children suffer from stunted growth, one of the highest levels in Africa.

The education sector has seen some gains recently. Improved security has helped boost primary enrollment of boys from just 46 per cent in 1970 to some 80 per cent in 1990, but the 63 per cent level for girls is still very low. And at 13 per cent, secondary school enrollment remains low; only a third of Ghana's, for example. Parental

The guidelines specify that while divestitures "should be targeted to Ugandans," foreign investment is "allowed and encouraged." However, Mr Rutaagi admits that with shortages of local capital and entrepreneurial skills, foreign investors could account for over 60 per cent of total sales.

UNICEF/Jorgen Schytte

AIDS is a major development threat and prevention campaigns are being expanded

To facilitate investment, the Uganda Investment Authority (UIA) was set up in 1991, largely with US funds, as a "one-stop shop" for would-be investors. The government also improved incentives in the 1992 Investment Code. Although a seminar in London at end-May this year, organized through the Confederation of British Industries, drew a very encouraging response, capital inflows remain small.

One encouraging example of new confidence is the stake taken by the UK's Barclays Metals and France's Bureau pour la recherche géologique et minière (BRGM) in the $20 mn Kilembe cobalt recovery scheme inaugurated in July.

Uganda is also enjoying a sharp increase in funds through the foreign exchange bureaux — presently some $30 mn a month, according to the central bank — much of it aid dollars, trading and other short-term funds. But some is also returning flight capital: "The foreign exchange bureaux have given Ugandans and foreigners confidence to bring in money, because they know they can always get foreign exchange back," Mr. Kikonyogo argues.

However, the IMF has sharply queried the generosity of tax relief measures designed to attract investment at a time when the government faces acute revenue constraints, and the World Bank argues that tariff exemptions have "seriously eroded" the revenue base. It estimates that over half of Uganda's imports are tax-free, and more than 60 per cent of potential revenue is lost.

PERDS is identifying companies which could attract a wider spread of shareholders, such as the Kampala Sheraton Hotel (100 per cent government-owned) and BAT (51 per cent). But Mr. Charles Kikonyogo, Governor of the Bank of Uganda, warns that the privatization drive will be hard to sustain without the means to buy and sell equity.

Groundwork for investment

The Kampala Stock Exchange (KBE) exists as a legal entity, and was meant to be operational last March. For now, it is only holding public seminars on how it works, and the hope is for it to start simple, over-the-counter trading before end-December. One banker warns that the KBE would "be nothing more than a casino," unless there is proper infrastructure, regulation and understanding of share-trading.

contributions (PTA fees) typically provide 65-90 per cent of total funding for primary schools; a situation which, the World Bank argues, leads to "an equity problem" in education.

In its September 1992 National Programme of Action for Children the government committed itself to raise social spending, and redirect it to primary schooling and primary health care. Among the NPA's major goals is 95 per cent primary school enrollment by 2000, reducing infant mortality to 60 per 1,000, access to safe water for 75 per cent of the population from the current 23, and 50 per cent improvements to other key indicators.

But implementing the NPA alone will cost nearly $633 mn in its first three years, while the government's total annual budget is only some $700 mn, external funding included. Government officials promise a significant shift in resources towards the agreed priority areas of primary education, primary health care, access to water, rural feeder roads and agricultural research and extension. Strengthening law and order and the judiciary has now been added to this core programme, which is supposed to remain largely immune from any cutbacks in expenditure.

Officials also say that there is much scope to improve on how the money is spent. Some 75 per cent of total health spending goes to curative care of preventable diseases, the Bank argues. Spending in the social sector is being restructured to reflect new priorities. But government officials argue that areas such as teacher training, tertiary education or hospitals cannot be ignored without jeopardizing the overall goal of improving social services. Given the scale of poverty in Uganda, even with clearly articulated priorities, the battle for funding is likely to remain intense.

Uganda: economic indicators

	1985	1986	1987	1988	1989	1990	1991	1992
GDP at current prices (USh bn)	24.8	58.9	228.9	596.3	1,111.2	1,483.9	2,004.9	3,399.1
Real GDP growth at 1991 prices (%)	0.7	1.1	6.5	7.7	7.0	4.5	3.4	3.2
Merchandise exports ($mn)	379.0	394.9	338.6	266.3	277.7	177.8	169.8	150.2
Merchandise imports ($mn)	264.1	309.5	475.6	523.5	588.3	491.0	467.7	512.6
Current account balance ($mn)	4.8	-3.6	-112.0	-196.2	-258.5	-283.3	-286.9	-134.1
Gross budget deficit/GDP (%)	3.9	4.1	4.7	1.5	1.7	7.8	8.2	14.4
Gross investment/GDP (%)	9.9	12.5	12.9	10.1	9.4	11.5	13.8	2.0
Total external debt ($bn)	1.2	1.4	1.9	1.9	2.2	2.6	2.8	2.7*
Debt service ratio (to exports) (%)	30.5	42.0	43.8	60.0	58.7	56.6	63.8	51.3**
Official development assistance per capita ($)	12.0	13.0	18.0	22.0	24.0	34.0	34.0	n.a.
Coffee production ('000 tonnes)	167.1	151.2	157.1	151.2	168.0	126.7	147.4	120.6
Food production per capita (1979-81=100)	99.0	97.0	98.0	100.0	104.0	105.0	105.0	98.0
Exchange rate (average USh per dollar) †	6.7	14.0	42.6	106.1	225.1	428.9	734.0	1,133.6
Reserves (months of import cover)	1.2	1.1	1.4	1.1	0.3	1.1	1.5	2.2
Inflation rate (%)	132.0	168.8	236.0	184.0	61.0	33.0	28.0	52.0

Source: World Bank, IMF, FAO, OECD, Government of Uganda * As of June 1992 **1991/92 financial year †June 1993 USh 1,199=$1 n.a. = not available

While cutting corporation tax from 35 to 30 per cent in the recent budget, Finance Minister Mayanja-Nkangi has also limited tax holidays to new investments only.

While making life easier for investors, UIA deputy executive director Arnold Lessard admits there are still bottlenecks at lower levels in ministries. Many officials and business-people say that corruption is adding to investors' costs and the Bank warns that even the UIA risks getting bogged down in the red tape it is meant to cut through.

Financial infrastructure

With gross domestic investment unacceptably low at some 11 per cent of gross domestic product, the government is tackling the difficult task of strengthening the country's financial infrastructure. The Bank of Uganda Act, passed this year, gives the central bank new powers and sets up the framework for a stronger national banking system, backed by a $100 mn Financial Sector Adjustment Credit from the World Bank for restructuring the sector. The central bank now has full supervisory and regulatory power over commercial banks, including powers of suspension. It will also be more influential in setting monetary and exchange rate policy. New guidelines on higher levels of minimum share capital are being prepared and lending portfolios will be "carefully" examined, officials say.

Under the Financial Institutions Act, the Uganda Commercial Bank, the country's biggest, holding some 30 per cent of deposits, is being totally restructured after a history of acute mismanagement. Its burden of some USh32 bn in bad loans, many to its own staff, has been transferred to a special loan recovery trust. An injection of USh4.3 bn in paid-up capital is also planned, with new senior management trying to control costs and improve efficiency. Similar action is planned for Uganda Cooperative Bank.

These reforms are aimed at increasing competition in the sector. But for banks to act as efficient intermediaries between savers and users of capital, urgent action is also needed on establishing an effective inter-bank market, Mr. Kikonyogo says. This is one of the central bank's priorities for action, along with unification of the exchange rate, expected by the end of the year. It also hopes to help develop a secondary capital market through more active use of Treasury Bills and development of its own monetary instruments.

However, bankers say commercial banking in Uganda is likely to remain risky for some time, with credit still scarce and expensive. With underlying inflation officially estimated at 7 per cent, the present cost of borrowing at some 25 per cent or more means real interest rates are extremely high. The spread between saving and lending rates, only 5 percentage points in July 1992, was 12 points in May 1993. "Interest rates will come down, but the potential for drastic reduction is not there," Mr. Kikonyogo says. Bankers agree, citing the high ratio of bad loans, continuing concern over inflation and the high cost of banking.

Critics argue that credit scarcity has been worsened by an anti-inflation policy which sharply cut money in circulation along with government demand for services. Manufacturing output grew by under 1 per cent in 1992/93 after 19 per cent the previous year. But Mr. Kikonyogo argues that the sharp upturn in construction in the last year indicates enough liquidity in the system, and official figures suggest rising industrial production.

The tight monetary policy is expected to continue after last year's lesson when an increase in government borrowing led to a sharp surge in inflation. This year's budget boosts spending by only some 8 per cent in real terms, given inflation projected at 7.5 per cent.

Facing the future

The efforts to control spending march hand in hand with the need to raise the efficiency of resource allocation. The main reason for prudence is the low revenue base. Mr. Rukikaire stresses that "80 per cent of Uganda's problems stem from low tax collection." With agriculture barely monetized, the government is reluctant to introduce any form of land tax, and the sector's 50 per cent con-

tribution to GDP remains largely untaxed. The revenue base is therefore set to grow very slowly, from some 7-8 per cent of GDP to 11 per cent in 1995/96, compared with a current sub-Saharan average of 20 per cent.

Before its abolition, the coffee tax alone was equivalent to 7.5 per cent of GDP. Rebuilding the tax base is underway, with the new, donor-funded Uganda Revenue Authority (URA) a key tool in spreading the net and raising collection rates. A new withholding tax on agricultural products has replaced the coffee tax. With the government cautious about further raising taxes on petroleum products, the traditional "easy" target, new strategies are being put in place, URA Commissioner General E. Larbi-Siaw says.

This year's budget signalled the start of a URA campaign to collect taxes on the numerous benefits and other payments-in-kind on company payrolls, drawing strong protests from employees and employers alike. A full value-added tax (VAT) is also likely over the next three-five years.

Aid flows remain vital

Aid flows, however, will continue to be a vital supplement to domestic revenue efforts. Donors provided over 90 per cent of development spending in 1992/93, and are covering 88 per cent of the 1993/94 budget, a level they could maintain through to 1995/96. Donors, such as the World Bank and the US, enthusiastically support measures in favour of the private sector, and the Bank and UN agencies such as the UN Development Programme (UNDP) and UNICEF have helped to support social sector and rural development programmes.

Donors are also pushing for a stronger judiciary and legal system, while, according to government officials, demanding that there is no further nominal increase in defence spending. With security improving, demobilization of some 50,000 soldiers is underway (see box, page 17), and defence's share of the budget is now coming down from the 38.7 per cent recorded in 1989-90. At the same time, spending on "human resource development" has risen from just over 20 per cent in 1989/90 to 35 per cent in 1992/93.

Keen to support the momentum of adjustment, donors have seen civil service reform as a priority, with wages and benefits taking nearly 40 per cent of recurrent spending. Already some 50,000 "ghosts" and other workers have been cut, with 13,000 more retrenchments in 1992/93 and the government plans to shed 68,000 more civil servants for a target roster of some 145,000. In an exceptional measure, donors have been funding public sector wages in order to keep the retrenchment exercise on course. Current salaries are very low, encouraging corruption and low productivity,

The cuts, the government argues, will permit a big pay rise of at least 30 per cent for those who remain, starting with teachers. With help from UNDP and approval from other donors, the government is introducing sophisticated incentives to raise public sector performance. Uganda will ask donors for nearly $30 mn more to fund the next round of lay-offs in December.

Uganda's debt problems have also received special donor attention in order to safeguard the economic programme (see page 3). This donor understanding extends to the political arena. At the May Consultative Group meeting donors urged the government to be "meticulous in ensuring transparency and openness in the election process" and in creating a "level playing field." UNDP is playing a key role in organizing the December elections for the Constituent Assembly, and the government wants an additional $16 mn from donors to help fund next year's elections.

Uganda Manufacturers Association

Packing tea at a Kampala factory. Uganda faces limited options in its efforts to boost export earnings.

While the next 18 months will be crucial, Mr. Rukikaire is confident that current reforms are irreversible and enjoy considerable popular support. But the government is implementing tough policies at a politically sensitive time. Logistical and financial problems already suggest that further lay-offs in the civil service will be spread over a far longer period, and could be fewer than planned. But with tight monetary policy and controversial privatization plans apparently locked in place, and the benefits of adjustment still relatively modest for an economy beset by widespread poverty, there are many issues to fuel political debate in Uganda. ■

GCA pushes for deeper reform process

Better governance, vigorous economic reforms, expanded regional economic cooperation and improved management of conflicts emerged as key proposals for African recovery at the third annual meeting of the Global Coalition for Africa (GCA) held in Cotonou, Benin on 9-11 June. However, even in some actively reforming countries, it could take 70 years to double daily per capita income to $2, World Bank calculations show.

With peace a prerequisite for development, the meeting welcomed the new conflict resolution mechanism of the Organization of African Unity (OAU), and increased cooperation between the UN and OAU in conflict management. As UN resources were already stretched, participants said Africa needed to rapidly increase its ability to resolve conflict. Non-governmental organizations and 'wise persons' could immediately play a greater role in conflict-prevention, which required addressing such root causes of conflict as inequity and human rights violations.

Participants called for "restraint" in the international arms trade and compliance with the UN arms registry, adding that such "transparency" in African countries would help cut military spending and redirect funds to social and productive sectors. But with several programmes to demobilize and reintegrate soldiers stalled by funding problems, donors were urged to provide more flexible finance and to consider setting up a quick-disbursing UN fund for disarmament and demobilization.

The GCA sub-committee on economic reform, chaired by Ghana's Finance Minister Kwesi Botchwey, was briefed on the World Bank's Special Programme of Assistance for low-income African countries. The committee noted the rise in aid dependence and debt service arrears even in countries with rapid growth, along with deepening poverty even in countries pursuing economic and political reforms. While the main GCA meeting noted that short-term "tensions" of political liberalization could affect economic reforms, but could be surmounted through "wide participation in policy-making," finance ministers expressed their determination to solve such problems. On Africa's debt overhang, donors were urged to simplify procedures, clarify and limit conditionality, and increase aid flexibility. Participants stressed the need for more concessional terms on Paris Club debt relief and for solutions to the problem of multilateral debt.

Adjustment programmes should be better coordinated with regional integration efforts, said participants, adding that successful integration would depend on higher investment in infrastructure, freer movement of goods and people, and public education on the benefits of integration. While representatives of the OAU, African Development Bank and the Economic Commission for Africa argued that the Abuja Treaty provided the basis for integration efforts, many donors preferred a 'pragmatic' approach enabling countries with common goals and interests to move faster and further than others.

At the meeting were Presidents Nicéphore Soglo (Benin), Abdou Diouf (Senegal) and Yoweri Museveni (Uganda), Ghanaian Vice-President Ekow Arkaah, and Economic Commission for Africa Executive Secretary Layashi Yaker. Other guests included African Leadership Forum chairman General Olusegun Obasanjo, former Cape Verdean President Aristide Pereira, and former Mozambican education minister Graça Machel. ■

African NGOs demand to be heard

By Ernest Harsch, in Porto-Novo

Greater popular involvement is urgently needed to help overcome Africa's economic problems, said representatives of over two dozen African non-governmental organizations (NGOs) at a conference in Porto Novo, Benin's capital, held at the same time as a Global Coalition for Africa (GCA) annual meeting in nearby Cotonou. "Unless there is popular participation and collaboration among farmers, urban residents and national and international institutions, we will not be able to overcome the crisis wracking our continent," the African NGOs declared in a message read to the GCA meeting by Ms. Céline Rabekoriana, from a Madagascar NGO.

The 9-14 June NGO conference on "Citizenship and Poverty: What Prospects in Africa?", was sponsored by Environment and Development Action for the Third World (ENDA), a Dakar-based International NGO; Benin's Pan-African Centre for Social Prospects (CPPS), whose head, Mr. Albert Tévoédjrè, hosted the meeting; and the UN Economic Commission for Africa, whose Secretary Layashi Yaker noted that NGOs could give new impetus to African development through their ability to mobilize community efforts and tap new resources.

Reflecting the NGOs' practical work with rural women in Mali and Côte d'Ivoire, poor farmers in Benin, Burkina Faso, Madagascar and Senegal and jobless youths in Morocco and Algeria, among others, participants stressed the impact on ordinary Africans not only of widespread environmental degradation, but also of the growing debt burden, falling export prices, and the spending cuts imposed by structured adjustment programmes (SAPs). "Ultimately," participants concluded, "it is often the poor who are the victims of this veritable financial stranglehold." Many agreed with the ECA's Dr. Sadiq Rasheed when he said conventional SAPs "are increasingly extracting unacceptable sacrifices from the poor and marginalized, without demonstrating any promised gain in sustained economic growth."

Poverty and political powerlessness are very closely linked, the NGOs affirmed, and ENDA Executive Secretary Jacques Bugnicourt noted that "Ninety per cent of humanity don't really participate in making the decisions that affect their futures." The poor must organize and assert their rights as citizens, "reconquering the power and dignity that has been taken away from them," a conference report declared. Stressing their own need to make more continental and international impact, the African NGOs invited GCA representatives to Porto Novo.

Dutch Development Cooperation Minister Jan Pronk, one of the three GCA co-chairmen, took up the invitation, noting the importance for the GCA, which has so far interacted mainly with governments and international institutions, of working with NGOs. "The people, not just governments, must 'own' their economic reform process," he added. GCA Executive Secretary Babacar Diaby-Ouattara also came, stating that it "wasn't our intention" to leave the NGOs feeling "excluded" from GCA discussions. "We need your assistance...You can help us conceive solutions, so that we come nearer to grassroots preoccupations."

Ernest Harsch is editor-in-chief of *Africa Recovery*, quarterly magazine of the New York-based Bridges Project.

Making hope a post-apartheid reality

By Victoria Brittain in London

Nelson Mandela has called for the end of economic sanctions against South Africa to help "halt the slide to a socio-economic disaster." Speaking at the UN on 24 September, the President of the African National Congress (ANC) said the arms and nuclear embargo should remain, and left the oil embargo to the "discretion" of the UN General Assembly. But he said lifting economic sanctions should be seen as an act of engagement to help regenerate South Africa's deeply troubled economy.

Mr. Mandela's statement follows the agreement to set up a Transitional Executive Council and to hold general elections on 27 April, 1994. "The countdown to democracy in South Africa has begun," Mr. Mandela said. But he warned that "we are not yet out of the woods," and "various forces" still opposed change.

A similar warning was made by Anti-Apartheid Movement (AAM) leaders at a two-day conference in London in June. Veterans of the struggle came from Africa, Europe and the US to re-mobilize the movement for a continued, dynamic contribution to Southern Africa's transition and beyond.

Rod Leon

Veterans of the struggle, Dr. Julius Nyerere (left) and Archbishop Trevor Huddleston at the London anti-apartheid conference timed to coincide with the Archbishop's 80th birthday.

Destabilization continues

Former Tanzanian leader Mwalimu Julius Nyerere and AAM president Archbishop Trevor Huddleston, convenors of the conference, had been among the speakers 30 years ago at the movement's inaugural rally in London's Trafalgar Square. Bearing witness to their achievement through this world-wide movement, and also to the urgency of the tasks still ahead, prominent guests included five Southern African foreign ministers, the Secretaries-General of the Organization of African Unity and Commonwealth and senior UN officials.

Dr. Nyerere set the tone by calling for new pressure for democracy in South Africa. Quoting Chris Hani, the assassinated South African Communist Party head to whom many speakers paid tribute, he said apartheid was a low-intensity war the end of which could not yet be celebrated. He deplored the rush towards political and economic relations with South Africa: "I regret to say that many countries in Africa (including my own) are succumbing to their great problems and joining this rush as if it somehow provided a solution to their immense economic difficulties." Turning to South Africa's long destabilization of the Front Line States, Dr. Nyerere said "in Angola the war continues — UNITA is still getting help 'unofficially' from South Africa."

Although Mr. Mark Robinson, speaking on behalf of British overseas aid minister Lynda Chalker, made a full condemnation of UNITA, he faced hostile questions from an audience that held past British government policy in part responsible for the current Angolan tragedy.

From Angola, Mr. Lopo de Nascimento, Secretary-General of the MPLA, spoke movingly of the majority of Angolans' desire for peace. The war had been more destructive these last eight months than at any other time in the last 20 years, he said, blaming its resumption on US policy which rushed to elections despite the unfulfilled Bicesse Accords, and left UNITA fully armed.

Drawing lessons for South Africa, ANC Deputy Secretary of International Affairs Aziz Pahad, spoke of the possibility of Angola's catastrophe being repeated there, with the right-wing mobilizing militarily. Jay Naidoo, leader of the Congress of South African Trade Unions (COSATU) also warned that "this is the most dangerous period — desperate forces are prepared for brutal violence."

Many speakers stressed the need for vigilance in the current struggle for the soul of the future South Africa. The government's understanding of transition is not sharing power with the majority: "A minority veto is what they really want," said Reverend Frank Chikane, voicing the churches' call for a joint military force under independent international command prior to the election campaign.

He spoke of the "socio-economic devastation of apartheid," and warned that a new political settlement would be judged by its impact on unemployment, redistribution of wealth, homelessness and other results of apartheid. These include the white 15 per cent of the population still owning 87 per cent of the land; whites earning six times the wages of blacks; and malnutrition causing 61 per cent of black infant deaths.

South Africa summed up a "world of destitution," said former Commonwealth Secretary-General Sir Shridath Ramphal, warning that "to inherit the political kingdom implies no empowerment to transform the economic wasteland." He stressed the need for both local and global change "to make hope a reality." ■

Aid crisis

from page 1

Saharan Africa in 1993 from its soft-loan International Development Association (IDA), held up much better than from its main lending arm. IDA credits, at $2.77 bn, were only some 14 per cent down on the previous year's level of $3.23 bn. New commitments from the more expensive International Bank for Reconstruction and Development (IBRD), however, all but disappeared from the sub-continent, totalling only $47 mn in FY 1993, compared with $738 mn the previous year. Explaining this trend, the Bank's Chief Economist for Africa Ishrat Husain argues that the IBRD's hard terms should not be extended to most African countries as they will only add to their already considerable debt burden.

UNICEF/Denis

Africa's demand for aid will remain high despite tightening donor budgets

The International Monetary Fund (IMF) also reports a downturn in lending to Africa in its latest financial year. Disbursements totalled some $525 mn in the year to 30 April 1993, compared with just over $1 bn for the previous year, a fall of close to 50 per cent. Zimbabwe was the only new African borrower from the Fund's regular accounts.

World Bank officials argue that not too much should be read into a single year, pointing out that the $4 bn level in commitments achieved in 1992 was significantly up on the previous year. Bank gross disbursements in 1993, at $2.62 bn, were actually up on 1992. When all repayments are taken into account, Bank net transfers to sub-Saharan Africa in 1993 were sharply up at $874 mn, compared with $794 mn the previous year.

Overall Bank lending to Africa since 1990 has shown a worrying volatility at a time when it is seen as the lead agency for mobilizing increased resources for the continent. But Mr. Husain says this is explained largely by the ups and downs of IBRD lending to countries such as Côte d'Ivoire and Nigeria. The trend line for IDA commitments since 1989 is holding at a relatively healthy $2.7 bn a year, he says, well up on the $1.4 bn average for 1984-88.

To explain the 1993 downturn, the Bank cites a shift from adjustment lending, with its fast-disbursing element, to slower project-based lending. Non-project lending to sub-Saharan Africa virtually halved in 1993 to $455 mn from $895 mn the previous year.

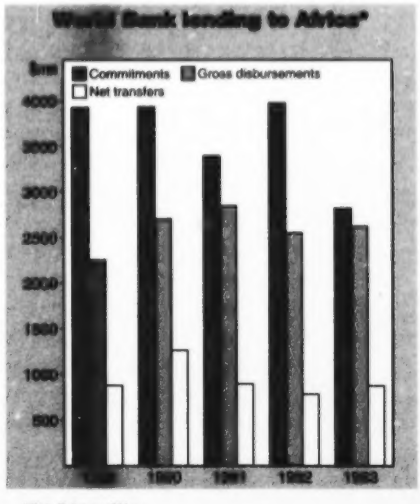
The Bank also stresses the role of political factors, specifically "administrative delays resulting from the political transitions in a number of countries." Turmoil in once large borrowers such as Zaire have influenced overall lending levels, as has less dramatic events in countries such as Kenya, Malawi, Nigeria and Togo. OECD officials also quote Africa's political problems as a significant factor in stalling the aid push for the continent.

Even favoured clients have not been immune, Mr. Abbey points out, with his own country Ghana seeing the disbursement of some $170 mn in credits halted last year as the Bank questioned extra spending prior to the elections. While reserving judgement until more detailed figures are available, Mr. Abbey questioned whether increasing conditionality in Bank lending, including the difficult issue of good governance, was causing a significant slowdown in the administration of aid. Recent Consultative Group meetings for Ghana, Uganda and others, however, have shown that donors are still prepared to pledge significant funds for selected countries.

Growing aid competition

OECD officials point to the growing competition with politically "more important" regions as another explanation for the slowdown in aid to Africa. The fall in Bank lending to Africa coincided with a large surge in commitments to Eastern Europe — up $1.7 bn to $3.8 bn. Bank officials strongly deny any linkage with the decline in commitments to Africa, stressing that this is IBRD funding not IDA, but the trend does nothing to ease Africa's long-voiced fears that it is being marginalized.

The latest plans for a $3 bn development fund for the West Bank and Gaza Strip, following the signing of a peace accord between Israel and the Palestine Liberation Organization, has added a new competitor to the lists. The European Community is promising to be a major source of money for the new fund. With pressure in the Community to also commit more resources to Eastern Europe, its recently unveiled plans to seek a revision of the Lomé Convention with African, Caribbean and Pacific (ACP) countries is seen as confirmation of a significant shift in aid priorities.



* Sub-Saharan Africa
Source: World Bank.

Even where Africa is securing official funding, an increasing proportion is going on humanitarian and peace-keeping operations rather than on development programmes. Pointing to the expected $2 bn cost of UN operations in Somalia, Mr. Abbey voiced his regret that "such resources do not seem to be available for more positive things."

Most concern is now centred on the growing competition for the limited funding available for boosting the concessional facilities of multilateral agencies. OECD figures show that while bilateral aid to all countries fell by 6 per cent in real terms in 1992, multilateral aid rose 16 per cent.

New wealth measure prompts aid fears

A new method of measuring national wealth has raised fears among developing countries that it could be used to justify aid cuts despite arguments from many economists that it is a much more accurate reflection of the world economy. A ranking of national wealth, developed by the International Monetary Fund (IMF) based on "purchasing power parity" significantly boosts the Third World's share of global wealth.The new method ranks countries by output on the basis of what goods and services its currency will buy at home compared to the purchasing power of other countries' currencies. The traditional method values output, or gross domestic product (GDP), in local currency terms and then expressing that in terms of the US dollar using international exchange rates. The new method avoids the distortion in measuring relative national output which can result from the dramatic devaluation of local currencies against the US dollar.

Africa's overall share of global 1990 output rises to 4 per cent under the IMF's new method compared to a 1.7 per cent share using the traditional system. But this more buoyant impression also means that national per capita incomes rise — and to a point where donors might feel justified in cutting back aid, many developing countries fear. Specifically, the per capita incomes of many countries, such as Nigeria, would rise above the $765 de facto upper limit for eligibility for funds from the World Bank's International Development Association. Although, with China and India also becoming ineligible, remaining African countries could find that there is far less competition for funds.

US Congress aid cuts

But the latest replenishment of the World Bank's IDA keeps overall funding barely stable in real terms and for far more recipients, although Africa's informal 48 per cent share of the total has been retained. Even then, the US Congress is discussing a 25 per cent cutback in this year's US IDA appropriation. IDA could face significant US arrears by the end of its three-year cycle in mid-1996, according to aid officials. This could have major implications for negotiations on IDA XI, which will fund African development programmes in the second half of the 1990s.

Other institutions are also seeking extra funds for concessional lending. The IMF is hoping for agreement from finance ministers at the end-September annual meeting of the Fund and Bank in Washington for a replacement to its enhanced structural adjustment facility, which expires in November. Its executive board has proposed a new facility of $8 bn.

The African Development Bank (ADB), which claims to make higher net transfers to Africa than the World Bank, is currently seeking a 50 per cent increase to its soft-loan African Development Fund, in large part to compensate for tighter lending conditions on its main loan arm. Already, lending from this arm is restricted to just 17 countries, with the five North African economies taking over half the volume of these loans.

UN agencies, while retaining their priority concern for Africa, are also feeling the effect of increased competition for funds. In its 1992-96 programme cycle, UN Development Programme funds are 25-30 per cent down on the previous five-year period, a fact which drew strong protest from African delegates to its June Governing Council. The UN High Commissioner for Refugees and UNICEF both report pressures on their funding, despite renewed US commitment for the latter.

Overall, bilateral aid remains stable, with its share of OECD gross national product (GNP) in 1992 at 0.33 per cent, according to the OECD's Development Assistance Committee. Denmark and Sweden have joined Norway in committing more than 1 per cent of their GNP to aid. Finnish aid, however, has slipped below the UN target of 0.7 per cent, following a near 24 per cent cut in real aid.

In total, eight of DAC's 21 members showed a decline in real aid flows in 1992, including Japan, which competes with the US as the world's largest aid donor. As well as Finland and Japan, aid from Austria, Belgium, Germany, Ireland, Luxembourg and the UK fell in real terms in 1992, with possible impact on Africa. Recently, a US Congress committee made a $50 mn cut in the $800 mn request from the Clinton Administration which would have kept funding stable in nominal terms for the US' main African aid arm.

Japan aid boost

Japan, however, has pledged to substantially increase official flows, making up to $120 bn available over the next five years. This commitment is expected to remain despite the change of government in August, officials say. The Tokyo International Conference on African Development in October has underlined the Japanese commitment to Africa (see page 1).

In many countries, the traditional concept of development aid is now being questioned. New proposals to the Clinton Administration would radically change the concept of US aid and how it is administered, with at present unknown consequences for the overall level of official support. Dutch Development Minister Jan Pronk recently argued that global political changes had consequences for the definition and function of aid.

OECD officials warn that Japan's increased aid alone cannot reverse the threatening downturn in official flows to Africa and that further resources are needed from other donors. But the World Bank's Mr. Husain also argues that simply seeking increased aid flows will not necessarily encourage development and, by creating increased dependency, could actually stall recovery efforts. "What is really needed is a mix of adequate debt relief, sustainable new money and increased domestic resource mobilization," he says. ■

Debt relief

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are expected to be some 47-49 per cent of what are high projections for export earnings. If export growth is more modest, the debt burden will remain as heavy as it is now. "The next two-three years look very bleak," comments a senior official.

Three-quarters of this year's debt servicing is due either to multilaterals or is non-reschedulable Paris Club obligations and is well over half of projected export receipts.

Uganda's otherwise impossible situation is being eased through exceptional donor measures, as now advocated by UNCTAD. In the last financial year, Denmark, the Netherlands, and Norway have helped service debts to the African Development Bank, and World Bank. Officials say other creditors are being urged to follow their example. Denmark, Sweden and Switzerland are understood to be helping meet payments to the IMF. This is likely to be the pattern for other countries.

Government projections suggest 1994-96 annual repayments to the IMF will be lower than the $40-50 mn in 1990-92. However, Uganda, like other African countries, will face a massive net transfer of funds to the IMF if a replacement to its soft-loan facility, due to expire in November, is not agreed.

The World Bank and some bilateral donors are helping with the $8-9 mn a year interest on old loans from the Bank's main lending arm, the International Bank for Reconstruction and Development, through the "fifth dimension," which redirects some International Development Association (IDA) repayments to this end. But repayment of principal and, in the longer run, IDA repayments, could become a growing burden.

Uganda's 1992 Paris Club deal rescheduled approximately $50 mn of arrears and maturities falling due between July 1992 and November 1993. In addition, Uganda and Israel — formally a member of the Paris Club — agreed payment terms on some $12 mn of debt due in February this year. Cutting the remaining $171 mn debt stock would help longer-term financial viability, as well as reducing the burden of continual meetings.

But, as with many other African countries, this still leaves other parts of the debt burden untouched. One concern is debt to Paris Club members incurred after a country first requested relief from the Club. Uganda's "cut-off date," June 1981, is particularly early, leaving $110 mn ineligible for relief, though officials say some creditors are ready to help with this category of debt. Uganda's 1992 debt deal also stipulated that it pay off all arrears on this debt. Some $21 mn was paid by November 1992 and a similar amount will be paid by this November, a significant part of this year's servicing burden.

Another area of concern is bilateral debt to creditors who are not Paris Club members; in Uganda's case some $381 mn, close to 15 per cent of all debt. Uganda has managed to reschedule payments on some $145 mn due to China and India. But much of this debt has simply been allowed to fall into arrears. Government officials admit that no repayment of principal is being made on the $67.5 mn still owed to Tanzania, and there are also substantial arrears to the former Yugoslavia, with smaller amounts to Libya and North Korea.

Through a World Bank scheme, Uganda bought back $152 mn of commercial debt earlier this year at $0.12 for every dollar of debt. The $18 mn plus deal was financed by the Bank, the Netherlands and Switzerland, with support from the European Community and Germany. Government officials say they are exploring a smaller deal for some of the remaining commercial credits — both bank and non-bank — now totalling some $75 mn.

Through its External Debt Management Office in the central bank, with help from the UK's S. G. Warburg, Uganda has made considerable progress in coherent debt-management. Its avowed policy is to take on no more non-concessional loans. Yet after exhausting current debt relief measures , its burden of debt and arrears will remain a serious impediment to already difficult economic recovery. ■

Namibia

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argues against this "privatization" of important grazing areas, calling for expanded access to underutilized grazing land.

A 1991 survey found widespread rural opinion that large herd-owners should be forced to leave the communal areas. That year, the Cabinet decided these enclosures were illegal and should be reversed, but its decision "is not law yet," says Dr. Werner. The problem is worsened, some claim, by an interest among senior public officials in having these communal areas surveyed into private farms which they could acquire cheaply. Commercial farmers and opposition parties have also long advocated privatization of communal lands.

Mr. Werner hopes future legislation for communal areas will provide some form of land tribunals to rule on conflicting claims between private and communal interests. He also suggests a system for leasing parts of communal areas to prospective farmers.

The government's aim, says Mr. Schivute, is to upgrade communal farming by improving access to credit, inputs, extension services and training. "Great advances have been made," adds Dr. Werner, citing small-scale irrigation schemes, at least two agricultural training centres and research stations opened in the far north since independence, and distribution of improved seeds in some areas. A pilot marketing scheme to stimulate millet production also began in 1990, while meat-processing capacity is being expanded to improve marketing opportunities for subsistence farmers. "We realize that the communal areas are here to stay for a while," says Dr. Werner, noting the lack of jobs elsewhere in the economy.

Whether the Land Reform Bill will encourage small or large-scale farming on newly available land, the question is the government's strategy for household food security, says Dr. Werner, as its decisions will have "vast implications for the farming system." And without fundamental change in the "disproportionate distribution of resources," emergency programmes will have little impact on rural poverty, stresses UNDP's Mr. Dawit Giorgis. ■

What future for little girls?

By Djibril Diallo

Pape Madiodio Mboup, a young Senegalese, is managing editor of an Islamic Chamber of Commerce publication in Karachi, Pakistan, where he has lived for seven years. The city is literally besieged by Africans from over 20 countries during a recent foreign ministers' meeting of the Islamic Conference Organization (ICO).

There is, in fact, a small number of Pakistanis of African origin known as the Makranis. They came to Pakistan around the 14th century by way of the triangular trade in spices between Arabia, the island of Madagascar and the coast of what is now Kenya. But the Makrani presence has in no way reduced the sensation and spectacle of African visitors in this city.

If there is common ground between Africans and Pakistanis, it is what Pope John Paul II describes as human warmth, when people are always ready to help strangers. "Human warmth is the basis of dialogue between peoples," the Pope says.

But what particularly strikes Pape Mboup is the low status of young girls in Pakistani society. "In Pakistan, the birth of a boy brings great joy, whereas a girl is greeted like a family crisis," he adds. UNICEF's representative in Karachi, Zabirul Karim, confirms that it has been like that "for generations." But this also sets up one of Pakistan's contradictions.

A woman Prime Minister

On one hand, it is one of the rare countries that has had a woman Prime Minister — Benazir Bhutto, from 1988 to 1990. Other Pakistani women hold senior national and international positions, such as Ms. Nafis Sadik, executive director of the UN Population Fund.

On the other hand, a young girl is the last to be served at meal-times; education is firstly for boys, as traditionally they have to be ready for their responsibilities as family head. Girls are expected to stay at home and look after the household. And even with the best intentions, a mother still raises her daughter just as she was herself raised.

But there is ever-growing awareness among Pakistanis of the need to change traditional practices. The authorities, non-governmental organizations and the media are all talking about it. Besides, at this ICO ministerial conference, Pakistan supported proposals on improving child welfare and the status of women in Islamic countries. It will also host a forthcoming symposium on these themes. Their importance can be seen in the fact that 5 million children die in Islamic countries each year from preventable causes. Hopefully, these meetings may help improve the status of girls, for everywhere, the birth of a girl should be as much a source of joy as that of a boy.

The fight against famine couldn't be in better health

Entire villages are living in total autarchy in Gourga, in the north-west of Burkina Faso. And they collaborate to confront the severe climate in a remarkable model of communal development: through mutual help at village level, everybody eats their fill.

Fatoumata Sawadogo's name is frequently mentioned by the Gourga villagers. She goes round twice a week, checking on both the people and their environment. Any household not up to the mark faces an immediate fine, without appeal. You think this is draconian? Well, the villagers themselves decided on the methods, and to implement them, they chose Fatoumata, who is over 50 and greatly respected. Such principles of freely accepted responsibility are the basis of the widely recognized model of community development known as the naam groups.

Gourga is a few kilometres from Ouahigouya, capital of Yatenga Province, and suffers year after year of drought. In response, Bernard Lédéa Ouedraogo, the founder of the naam, turned to traditional society for a framework of mutual self-help between villages. This is how the naam were born as a form of youth association founded on the acceptance of collective and individual responsibility. Association officials are chosen by virtue of their qualities and not according to their social rank. The naam system respects traditional values, but is also open to the changes required by modern society: women, for example, head 56 per cent of naam groups, of which there are more than 4,500 in Burkina Faso today. Eight other countries of the Sahel have adopted the same principles of development to the benefit of some 5 million people.

Tangible results

Sitting on the veranda of the Nutrition Centre, the people of Gourga tell me about their recovered dignity. They eagerly tell me how they built the Centre themselves (with minimal external support). Every morning, a hundred or so children line up in front of the Centre for their nutrition supplement: mashed potato powder and cabbage, fish soup, and fruit. The results are clear: only one among the dozens of children who run up to welcome us shows, by stomach size, any sign of malnutrition.

The Centre's food supply comes from a communal village farm, as does practically all the food needs of Gourga's 2,000 inhabitants. In the October-June dry season, market gardening provides vegetables and fruit. In the rainy season, they grow millet. And you can see the naam success in the mountains of fruit and vegetables at the market in Ouahigouya where traders sometimes talk of saturation. Limata Ouedraogo, whom we met at the market, confirmed that since the beginning of the naam experiment, all the family was now eating well.

Bernard Ouedraogo is brimming with enthusiam and confidence in a system that involves millions of peasants organizing themselves on a vast scale in several West African countries. This process sees rural Africa itself building a more equitable economy and society that is neither fully traditional nor Western. And Ouedraogo's approach has won growing support from donors and development experts. The proof? Among the awards he has received are the UNICEF Peace Prize in 1987, and a Hunger Project Prize which he shared with Botswana President Sir Ketumile Masire in 1989. ■

**The African Baobab is one of the world's hardiest trees, thriving in even the most arid environment. It is also the tree under which some Africans traditionally meet to decide issues of common concern.*

AFRICA AGENDA

FORTHCOMING EVENTS

14 September-December, New York, US: 48th Session of the UN General Assembly.

24-28 September, New Delhi, India: Global Forum on Environmental and Development Education, organized by the Indian Environmental Society.

26 September-1 October, Fort Collins, Colorado, US: International Conference on Sustainable Village-Based Development, organized by the Department of Civil Engineering, Colorado State University.

27-29 September, Ottawa, Canada: Beyond Adjustment — Emerging Alternatives to the Crisis in Africa is the theme of a workshop organized by the Centre d'information et de documentation sur le Mozambique et l'Afrique australe, CUSO, Ecumenical Forum for Economic Justice, Inter-Church Coalition on Africa, Oxfam/Canada and the Third World Forum.

28-30 September, Washington, US: World Bank/IMF Annual Meetings.

30 September-1 October, Washington, US: Valuing the Environment, the World Bank's First Annual International Conference on Environmentally Sustainable Development. US Vice President Albert Gore, UN Under-Secretary-General for Policy Coordination and Sustainable Development Nitin Desai, UNDP Administrator James G. Speth, UNEP Executive Director Elizabeth Dowdeswell and renowned French environmentalist Jacques Cousteau are among expected participants.

1 October, Washington, US: Conference on Institutional Investment in Post-Apartheid South Africa, organized by the Washington-based Global Business Access Inc. Participants will include ANC Secretary-General Cyril Ramaphosa, South Africa Minister of Finance Derek Keyes, ANC economics spokesperson Trevor Manuel and Reserve Bank of South Africa Governor Chris Stals.

5-6 October, Tokyo, Japan: International Conference on African Development organized by the Japanese government, the UN and the Global Coalition for Africa.

14-15 October, Brussels, Belgium: Meeting on European Aid for Development, held by the Brussels Chamber of Commerce and Industry.

25-29 October, Dakar, Senegal: "Space Systems as Tools for Meeting Africa's Environmental, Natural Resources, Information and Management Needs" is the theme of a UN Regional Conference on Space Technology for Sustainable Development in Africa, organized with the Senegalese government.

21-25 November, Cairo, Egypt: International Conference on the State of Education and Development — New Directions, organized by the Washington-based Association for the Advancement of Policy, Research and Development in the Third World.

17-28 January 1994, New York, US: Third session of the UN's Intergovernmental Negotiating Committee drafting an international convention to combat desertification (INCD).

21-29 March, Buenos Aires, Argentina: World Telecommunications Development Conference, organized by the Geneva-based International Telecommunications Union.

11-13 May, Nairobi, Kenya: Annual meetings of the Governors of the African Development Bank and the African Development Fund. The ADB's 30th anniversary will be observed during these meetings.

5-13 September, Cairo, Egypt: UN International Conference on Population and Development.

Prospects for cooperation in the Horn of Africa

Increased cooperation between states is an imperative if peace and prosperity is to return to the Horn of Africa, an 8 -12 July symposium organized by the UN Economic Commission for Africa (ECA) concluded. In his keynote speech, Ethiopia's Foreign Minister Seyoum Mesfin, said that "closer cooperation among countries and their economic integration is not one option among many...It is the only option."

Among the recommendations of the symposium, "From Conflict to Concord: Regional Cooperation in the Horn of Africa," which was held in Addis Ababa with the support of the US Institute of Peace, was the lifting of visas requirements and other legal restrictions, creating a customs union and halting the free movement of arms.

Mr Mesfin said "interminable conflicts, instability, famine and hopelessness" were the "hallmarks" of the sub-region, but he and other speakers also noted that cultural and historical ties have not been severed. "On the contrary," states the final communique, "forced migration of large segments of the population have brought ordinary citizens from throughout the Horn into contact with each other," thus strengthening the potential for cooperation.

"In spite of the history of conflict and socio-economic immiseration, the countries of the Horn of Africa do share common socio-cultural traits, common physical and economic bonds," said Dr. Sadig Rasheed, speaking on behalf of ECA Executive Secretary, Layashi Yaker.

WHAT'S TAKEN PLACE

14-18 June, Nairobi, Kenya: The link between health problems and Africa's environment was examined at a meeting sponsored by UNDP and WHO.

17 June, New York, US: "Freedom and Human Rights: A Condition for Development?" was the theme of a seminar organized by the Friedrich Ebert Foundation.

28-30 June, Harare, Zimbabwe: "African Voices — Strengthening the Media" was the theme of a three-day conference of women journalists from 16 African countries, organized by the Washington-based International Women's Media Foundation (IWMF). **1-2 July, Harare, Zimbabwe: "African Media in Changing Africa — An Update,"** co-sponsored by IWMF, the African-American Institute and the Nieman Foundation at Harvard University.

22-24 July, Dhaka, Bangladesh: Global Forum on Environment and Poverty, organized by the Bangladesh Centre for Advanced Studies.

15-21 August, Bamako, Mali: Meeting of NGOs and international agencies to formulate proposals to the UN Intergovernmental Negotiating Committee drafting an international convention to combat desertification (INCD). Organized by the Nairobi-based Kenya Energy & Environment Organization (KENGO), with help from several governments and the INCD Secretariat in Geneva.

23-24 August, Windhoek, Namibia: Democratization Strategies for Africa were discussed by parliamentarians from all over Africa at a meeting held by the New York-based Parliamentarians for Global Action.

6-11 September, Cairo, Egypt: International Symposium on Industry and Environment in the Developing World, organized by UNESCO.

8-11 September, Edinburgh, UK: International Conference on HIV in Children and Mothers, organized by the Pediatric AIDS Resource Centre.

9-10 September, Washington, US: Conference on Portfolio Investment Flows to Developing Countries, held by the World Bank.

13-24 September, Geneva, Switzerland: Second session of the UN's Intergovernmental Negotiating Committee working on an international convention to combat desertication.

14-15 September 1993, Paris, France: Meeting on Participatory Development and Good Governance, held by the Organization for Economic Cooperation and Development.

15-17 September, Washington, US: AFCOM '93, Second US-Africa Telecoms and Broadcasting Conference, organized by the Washington-based publication *Africa Communications*.

22-23 September, London, UK: "Computers and Communications for Development in Africa" was the theme of a meeting organized by the UK-based African Information Technology Exhibitions and Conferences (AITEC).

AFRICA BOOKS

Climate Variations, Drought and Desertification by F. Kenneth Hare, rev. by L.A.J. Ogallo (World Meteorological Organization, Geneva; 1993).

Environment Education: An Approach to Sustainable Development by the Organization for Economic Cooperation and Development (OECD, Paris; 1993; $52).

Costly Tradeoffs: Reconciling Trade and Environment by Hilary F. French (Worldwatch Paper 113; Worldwatch Institute, Washington; March 1993; $5).

Vital Signs 1993: The Trends That Are Shaping Our Future, by Lester R. Brown, Hal Kane and Ed Ayres (Worldwatch Institute, Washington; 1993; $10.95).

Grasshoppers and Locusts: The Plague of the Sahel by John Rowley and Olivia Bennett (Panos Institute, London; 1993; £7.95).

The Pesticide Hazard: A Global Health and Environmental Audit by Barbara Dinham (Zed Books, London; 1993; Hb $55/Pb $19.95).

The Struggle for Land and the Fate of the Forests eds. Marcus Colchester and Larry Lohmann (Zed Books, London; 1992; Hb $49.95/Pb $17.50).

A Brief Guide to Current Methods of Assessing Vitamin A Status, eds. Barbara A. Underwood and James A. Olson (International Vitamin A Consultative Group, Washington; 1993; $3.50, free for developing countries).

Gender, Development and Identity: An Ethiopian Study by Helen Pankhurst (Zed Books, London; 1993; Hb $49.95/Pb $19.95)

Africa's refugee crisis grows

1993 World Refugee Survey (US Committee for Refugees, Washington; 1993; $13).

Rather than declining as many had hoped, Africa's refugee population rose 7 per cent to 5.7 million (about a third of the world total) during 1992. Along with a directory of refugee-focused organizations and a series of articles (on asylum, protection and repatriation), the report profiles regional refugee situations, including those of 28 African countries. Among Africa's newest refugees were more than 100,000 Somalis, while over 250,000 Mozambicans joined an estimated 1.5 million who had previously fled recurrent drought and brutal war.

Of growing concern for policymakers is the rising number of internally displaced people — 24 million by end 1992, including 3.5 million in Mozambique and a million in Somalia — whose needs are inadequately met by the international aid community. Asserting that the UN had failed to prevent avoidable deaths in Somalia and elsewhere, the US Committee for Refugees calls for the "de-weaponizing" of the world as a critical factor in reducing the violence that produces refugees.

Refugees Returning Home (UN Research Institute for Social Development; March 1993)

Based on a September 1992 symposium on voluntary repatriation in the Horn of Africa held in Addis Ababa, this study highlights the fluidity of ethnic boundaries, states that the majority of refugees, far from being dependent, survive through their own efforts and through help from kin. It calls for their involvement in designing refugee assistance programmes, and argues that the Horn's prolonged crisis makes irrelevant the usual distinctions between emergency and development aid, between refugees and internally displaced people, and even the concept of repatriation. Concluding that the mandates of UN agencies are often inappropriate or even block effective responses to the emergency in the Horn, the study affirms that refugees should be seen as survivors rather than victims. It also urges donors to ensure that UN agencies have secure budgets to protect them from political manipulation.

The Challenge of Famine: Recent Experience, Lessons Learned, ed. John Osgood Field (Kumarian Press, West Hartford, CT, US; 1993; $24.95).

Enhancing Policy Management Capacity in Africa, eds. Gelase Mutahaba and M. Jide Balogun (Kumarian Press, Westport, CT, US; 1992; Hb $30/Pb $21.95).

Controlling Tropical Deforestation by Alan Grainger (Earthscan, London; 1992; £11.95).

Women, the Environment and Sustainable Development: Towards a Theoretical Synthesis by Rosi Braidotti, Ewa Charkiewicz, Sabine Hausler and Saskia Wieringa (Zed Books, London; 1993; Hb $49.95/Pb $17.50).

New Social Movements in the South: Empowering the People, ed. Ponna Wignaraja. Includes chapter on "Social Movements and Democracy in Africa" (Zed Books, London; 1992; Hb $60/Pb $25).

The Challenge of Democratic Development: Sustaining Democratization in Developing Societies by Gera'd J. Schmitz and David Gillies (North-South Institute, Ottawa; 1992; $19.95).

Democratization and popular participation in Africa by Gerald J. Schmitz and Eboe Hutchful (North-South Institute, Ottawa; 1992; $10).

Government and Politics in Africa by William Tordoff (Indiana University Press, Bloomington, Indiana, US; 1992; Hb $35/Pb $14.95).

The Search for Global Order - The Problems of Survival, ed. Hans d'Orville (InterAction Council, New York; 1993). Proceedings and documents from a series of meetings convened in 1991 and 1992 by the InterAction Council, which is composed of former leaders of countries from around the world.

Development Aid and Human Rights Revisited by Katarina Tomaseveski (Pinter Publishers, London; 1993; $55).

Trade and the Poor: The Impact of International Trade on Developing Countries by John Madeley (IT Publications, London; 1992; £13.14).

Worlds Apart: The North/South Divide and the International System by Nassau Adams (Zed Books, London; 1993; Hb $55.00/Pb $19.95).

Subsidised European beef hurting African economies

Sweetness Beef Starve-ups EC Beef dumping in West Africa by Peter Madden (Viewpoint, No. 3, April 1993, Christian Aid, London)

Subsidised European beef exports to West Africa are threatening the livelihood of millions in the Sahel and undermining the economic health of the beef producing countries in the region, according to this report by Christian Aid. Livestock farmers in countries such as Burkina Faso, Niger and Mali are losing markets in coastal West African countries, which, until the mid-1980s, imported beef mainly from the Sahel. Since the mid-80s, the European Community (EC) has been subsidizing the export of frozen beef to the West African beef markets, with lower-grade beef in some cases receiving higher rates of subsidy. Accounting for more than 99 per cent of all non-African beef exports to West Africa (and amounting to less than half of one per cent of total EC beef production), the subsidized European beef is 20-60 per cent cheaper than West African beef. Its export to the region increased seven-fold in the 1980s, reaching a peak of 84,000 tonnes in 1991. As a result, regional cattle trade in West Africa shrank at the end of the 1980s by at least 30 per cent from its volume in the early 1980s.

In addition to undermining the viability of beef produced in the region, the subsidized export of European beef to West Africa also undermines the EC's own aid programmes aimed at improving livestock rearing and beef production in the Sahel. In addition, the absence of adequate refrigeration in the importing countries poses a health hazard for consumers of the frozen imported beef.

The report urges the EC to abolish subsidies on its beef exports to West Africa and to support trade protection for West African cattle farmers. *By Rashleen Bakshi*

AFRICA IN BRIEF

UNCTAD: few gains from a decade of SAPs

Insufficiently funded structural adjustment programmes (SAPs), with often misplaced objectives have brought few economic gains to sub-Saharan Africa, said Mr. Kenneth Dadzie, Secretary-General of the UN Conference on Trade and Development (UNCTAD). His overview to the 1993 *Trade and Development Report* said that aid was increasingly used "to induce policy change" rather than to finance growth and investment. This had left many countries dependent on aid "simply to sustain a low level of activity." Despite more intensive application of SAPs in sub-Saharan Africa than in any other region, UNCTAD said its per capita income fell over 15 per cent in 1980-92, with average economic growth one-half to one-third that of all developing countries.

The report praised SAPs for emphasizing macro-economic stability and agriculture, but "little, if any, genuine diversification has occurred" and "no effort" had been made to avoid overproduction of primary commodities. Commodity prices for sub-Saharan Africa fell by almost 15 per cent in 1990-1992, and terms of trade fell by some 40 per cent, compared to 25 per cent for all developing countries.

Inadequate levels of official development aid (ODA) hardly compensated for these losses, let alone provide new investment: for 25 African countries in 1980-90, "there was an additional ODA flow of $2.4 bn against a GDP loss of $16.4 bn," said UNCTAD. SAP policies of trade liberalization, often involving the sudden withdrawal of import protection, also tended to "de-industrialize" sub-Saharan countries, while industrial countries maintained protectionism against developing country exports. UNCTAD warned that depressed export markets led to severe shortages of foreign exchange and that SAPs relied too much "on devaluations and other purely market-based mechanisms."

The report found other shortcomings in SAP public sector policies: "The main aim appears to be to privatize or close down public enterprises," on the grounds that "sub-Saharan governments cannot be counted upon to correct market failures." With few private firms able to take long-term risks, the report called for "an active government role," particularly in countries with widespread market failures.

SAP design and implementation required a "pragmatic rather than doctrinaire approach" to country-specific needs and realities, the report argued. It was no surprise that African government commitment to SAPs was weak, given their limited participation in the conception and design of the programmes, UNCTAD concluded. ■

Time-bomb of mass migration

Mass migration may become "the human crisis of our time" and could devour development gains, says the UN Population Fund (UNFPA) in its recently published *State of the World Population 1993*. It argues that effective migration and population policies in poor countries imply job creation and poverty reduction in both rural and urban areas.

Africa, says UNFPA, leads the world in population growth rates — 3 per cent a year compared to 2.1 per cent in Latin America, 1.8 in Asia and 0.3 in Europe. And by 2025, Africa's population could more than double from the current 700 million (12 per cent of world population) to 1.6 billion (or 19 per cent). In the same period, the European population (roughly equal to sub-Saharan Africa's in 1992) would increase by only 20 million.

The continent also now has 27 cities with more than a million people (from only two in 1960), with some doubling in size every 12 years. Such rapid growth reflects not only high fertility rates but also widespread rural poverty, the report adds. National policies must, therefore, reverse the conditions that push people to move to cities or to other countries.

Sub-Saharan Africa had the highest number of non-refugee migrants in the world in 1992: 35 million, compared to 15 million or less each in Europe, North America and Asia. Africa is part of a developing world that accounts not only for about 95 per cent of world population growth but also for most international migrants — an estimated 100 million people, or 2 per cent of the world's population.

With migration often a by-product of economic inequities within and between countries, UNFPA said industrialized countries should consider the impact of their own economic, trade and development policies on international migration flows.

Hunger Prize for Rawlings and Nzamujo

President Jerry John Rawlings of Ghana and Nigerian-born Dominican Father Nzamujo Godfrey Ugwuegbulam have been awarded the Hunger Project's 1993 Africa Prize for Leadership for the Sustainable End to Hunger. The two will share the $100,000 award, which will be presented at the October Tokyo International Conference on African Development (see page 1).

At the announcement ceremony in Ouagadougou, chaired by Burkina Faso's President Blaise Compaoré, the Hunger Project said Fr. Nzamujo was chosen for his efforts as director of the Songhai Project in Benin to help small farmers develop innovative approaches to the use of local resources and sustainable management practices. President Rawlings was chosen for leading Ghana's efforts to increase food production during a structural adjustment programme that caused social hardships. The awards committee was chaired by Mr. Chester Crocker, former US Assistant Secretary of State for African Affairs in the Reagan administration. ■

Little progress on ECOWAS action plan

The signing in Cotonou of a Liberian peace accord (see page 4) overshadowed the July summit of the Economic Community of West African States (ECOWAS) held in the same city. The summit did adopt the revised version of ECOWAS' 16 year-old treaty aiming for accelerated economic integration and a common currency by the year 2000. Benin's President Nicéphore Soglo, elected to a second term as ECOWAS chairman, said the meeting "turned an important and decisive page — we hope —in the history of our community." He appealed to member states to "speedily ratify the agreements."

Out-going ECOWAS Executive Secretary Abass Bundu of Sierra Leone said in his final report that the pace of integration had been painfully slow, with "only insubstantial progress" made towards the goal of a free trade area. There had been little action, he added, on the one-year minimum agenda, adopted at last year's Dakar summit, to lift some non-tariff barriers on intra-Community

trade, simplify customs and transit formalities, and eliminate some checkpoints on international roads. ECOWAS leaders in Cotonou agreed on another one-year plan, and chose Mr. Edouard Benjamin, a former Guinean planning and economy minister and World Bank executive, to succeed Mr. Bundu.

While Mr Bundu singled out smuggling as the most problematic issue in economic integration, ECOWAS leaders cited the Liberian conflict as the major political issue. ■

Franc zone halts export of banknotes

Massive capital flight has prompted the 14 African franc zone countries to discourage the export of CFA banknotes. Facing an average daily outflow of CFA 1 bn francs, the central banks of the African franc zone announced on 1 August that they would no longer buy back CFA notes from countries outside the zone.

Dismissing fresh devaluation rumours, the West African Monetary Union (UMOA) said the measure applied "only to the physical transport of the notes" and not to bank transactions such as transfers and travellers' cheques. CFA francs could still circulate freely in the franc zone, and be changed into French francs at the old 50 to 1 rate.

Exports of CFA banknotes rose from CFA84 bn in 1986 to CFA154 bn in 1991. Strong devaluation rumours pushed 1992 exports to CFA231 bn and, with CFA168 bn already exported in the first six months, the projection for 1993 is CFA340 bn. According to Côte d'Ivoire's Minister Delegate for Finance, Economy and Planning Daniel Kablan Duncan, most of this outflow represented a "fraudulent export of capital," amounting to well over a third of CFA notes in circulation in the West African zone alone. The outflow also represented 3 per cent of the gross domestic product of the seven UMOA members (Benin, Burkina, Côte d'Ivoire, Mali, Niger, Senegal and Togo). Stressing the need to keep resources within the region, Mr. Duncan said these CFA exports reduced savings, investment and foreign reserves, as well as fuelling smuggling and led to losses in tax revenue. The situation is little different in other countries of the African franc zone — Cameroon, Central African Republic, Chad, Comoros, Congo, Equatorial Guinea and Gabon — which all face resource outflows of varying magnitude but similarly grave effects .

La Voie, an Ivorian newspaper, immediately predicted some effect on "minor flights of capital" via traders and rapid growth in "many black markets," but little impact on continued exports of CFA through banks by "white-collar bandits."

The UMOA was simply postponing full suspension of CFA convertibility and devaluation, argued Mr. Olivier Vallée, an expert on the franc zone. He told *Jeune Afrique* in mid-August that Gambian currency dealers were already changing CFA francs at half their official rate, and he predicted that the falling black market rate would become recognized as the CFA's real market rate. France's continued resistance to CFA devaluation was part of its defence of the French franc, he said, but this "partial suspension" of CFA convertibility had opened a "sizeable breach in the foundations of the franc zone."

Now, the *de facto* devaluation of the French franc at the end of August is expected to give fresh impetus to the devaluation debate. ■

Namibia launches national currency

Three years after independence from South Africa, Namibia launched the Namibia dollar in mid-September with N$10, N$50, and N$100 notes. New coins (in 5, 10, 50 cent, $1, and $5 denominations) are due in January. The Namibia dollar will have equal value with the South African rand, which will remain legal tender for the immediate future. Mr. Tunguru Huaraka, Namibia's Permanent Representative to the UN, told *Africa Recovery* that some economic dependence on South Africa would persist, given that "90 per cent of Namibia's goods are imported (from South Africa)." But "having our own currency will give us some scope for independent policy-making," he declared. Central Bank Governor Erik Karlsson added that "the responsibility for Namibia's economic development and balance of payments performance (now) lies in Namibia." Namibia can now build up its own currency reserves and manage money supply, but it will maintain the same exchange controls as South Africa, with little difference in interest rates.

Membership of the South African Common Monetary Area (CMA) without a national currency obliged Namibia to sell all incoming foreign funds to South Africa in exchange for rand. With the rand falling in value in recent years, Namibia successfully negotiated compensation dating back to March 1990.

Namibia will stay in the CMA "for the foreseeable future," said Mr. Karlsson, but its sovereign currency gives it the options of de-linking from the rand if it depreciates sharply, and of leaving the CMA after 1995. However, such a move would only be contemplated "from a position of strength." ■

Mr. Peter Sutherland (top) of Ireland is the new Director-General of the General Agreement on Tariffs and Trade, replacing Mr. Arthur Dunkel of Switzerland, who headed GATT from October 1980 to June 1993. A former Attorney-General of Ireland and member of the Irish Council of State, Mr. Sutherland was a Commissioner of the European Communities in Brussels in 1985-89 with responsibility for competition policy, social affairs, education and relations with the European Parliament, and then chairman of Allied Irish Banks from 1989.

Mr. Jacques Baudot (bottom) a French national, has been named by the UN Secretary-General Coordinator of the World Summit for Social Development, to be held in Copenhagen, Denmark, in March 1995. Mr. Baudot was previously the UN Controller (March 1992-July 1993) and Budget Director (1987-92).

AFRICA WATCH

MULTILATERAL INSTITUTIONS

IMF suspends Sudan

In an unprecedented action, the International Monetary Fund (IMF) suspended Sudan's voting rights in August for "persistent failure to fulfil its obligations." IMF sources say Sudan's economic policies were not heading in the right direction and it had accumulated the "largest arrears in the history of the Fund," some $1.6 bn.

Accusing the US government of pressurizing other governments to vote for the suspension, Sudanese President Omar al-Bashir says "there is no logic" to singling Sudan out among countries indebted to the Fund. Sudan charges that 83 out of 160 countries voted against the measure, including France, Russia and China, but IMF scurces deny the action was politically motivated: "Suspension requires a 70 per cent majority," and although voting power is weighted, "industrialized countries have less than 50 per cent of the vote."

Sudan has been in arrears since 1984, ineligible for IMF funding since 1986, and was declared "non-cooperative" in 1990 by the IMF. However, in August 1992, the IMF praised the government for lifting price controls, liberalizing trade, deregulating investment and abolishing some consumer subsidies. The government claims economic growth of 11.3 per cent in 1991-1992. IMF sources say "there was encouraging progress," but polices have since been "abandoned or reversed."

The suspension of voting rights became possible after a recent amendment to the IMF Articles of Agreement. IMF sources stress the action is "not the same as expulsion" and say the dialogue continues "to see how Sudan could be brought back in the fold." ■

Mr. James Gustave Speth (top), has been appointed Administrator of the UN Development Programme by the UN Secretary-General. He replaces Mr. William H. Draper III, also from the US, who was head of UNDP from1986. Mr. Speth founded and led the World Resources Institute, a Washington-based centre for policy research and technical assistance on environment and development issues, from 1982 until January 1993, when he led the group in President-elect Clinton's transition team which examined US policy on natural resources, energy and the environment.

Mr. Jannik Lindbaek (bottom) of Norway has been appointed to head the World Bank's International Finance Corporation from 1 January 1994. He replaces Sir William Ryrie as IFC Executive Vice President. Mr. Lindbæk has been president and chief executive of the Nordic Investment Bank in Helsinki, owned by Denmark, Finland, Iceland, Norway and Sweden, since 1986.

AGRICULTURE

Locusts threaten Sahel

Locust swarms are posing "a major threat to food crops and food security" in Africa, said UN Food and Agriculture Organization (FAO) Director-General Edouard Saouma in August. He called for immediate international action "to prevent the risk of a major plague which could last several years." Swarms were first reported in Eritrea, Ethiopia, Somalia and Sudan and have since spread across the Sahel region to Mauritania.

Mr. Saouma said Chad, Mali, Mauritania and Niger, immediately needed 50,000 litres of pesticides for crucial early treatment. Stressing the urgency of rapid delivery of pesticides to avoid unnecessary stockpiling, he urged donors to provide additional aid. FAO's Emergency Centre for Locust Operations has launched 16 projects costing $5.2 mn, while short-term needs could total $6 mn, depending on the extent of rains which increase breeding. So far, the US and Sweden have each granted $2 mn. ■

SOUTH AFRICA

Conference to raise funds for human development

The UN and the Commonwealth Secretariat plan to hold an international donors' conference in South Africa in early December for human resource development, particularly for disadvantaged sectors of post-apartheid society.

An initial preparatory meeting, held in July at UN headquarters in New York and co-chaired by Under-Secretary-General for Political Affairs James Jonah and Chief Emeka Anyaoku, Commonwealth Secretary-General, was attended by interested organizations such as the UN Development Programme, World Bank, African Development Bank, Organization of Africa Unity, European Community and the Agence de Coopération Culturelle et Technique.

The conference will be organized in cooperation with the South African Transitional Executive Council, which is expected to be functioning by end-October, and South African political, professional, and community bodies are to participate in conference planning. ■

SOCIAL DEVELOPMENT

UNICEF highlights progress of developing countries

The inevitable focus on the crises that confront most developing countries creates the impression that they have been unable to meet most of their developmental challenges. But a new UNICEF report, entitled *The Progress of Nations* and published on 22 September, concludes that the developing world is in fact making better progress than is generally known.

The report points out that in little more than one generation, average real incomes have doubled in developing countries, child death rates have been halved, malnutrition rates have been reduced by about 30 per cent, and life expectancy has increased by about a third.

Launching the report in London, Mr. James Grant, Executive Director of UNICEF, said it was progress in these specific areas that determined the well-being of citizens, rather than the economic or military strengths of their nations. The study, which ranks all the world's countries by their performance and results in various social categories, also seeks to change the way nations assess their progress internationally. Details of the study will appear in our next issue. ■